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Date: 6 June 2018

Dear Sir/Madam

You are invited to the following meeting:

Development Committee
Council Chamber, Town Hall, Lerwick
Monday 11 June 2018 at 2pm

Apologies for absence should be notified to Louise Adamson at the above number.

Yours faithfully

Executive Manager – Governance and Law

Chair: Alastair Cooper
Vice-Chair: Stephen Leask

AGENDA

- (a) Hold the circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest – Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
- (d) Confirm the minutes of the meetings held on (i) 23 April 2018 and (ii) 21 May 2018 (enclosed)

ITEM

- 1 Economic Development Strategy 2018-2022
DV-24-18
- 2 Allocation Policy Annual Performance Report
HS-01-18



MINUTE

A&B – Public

**Development Committee
Council Chamber, Town Hall, Lerwick
Monday 23 April 2018 at 2pm**

Present:

A Cooper	P Campbell
A Duncan	J Fraser
S Leask	A Manson
A Priest	T Smith

Apologies

M Burgess

In Attendance (Officers):

N Grant, Director of Development Services
J Riise, Executive Manager – Governance and Law
J Smith, Acting Executive Manager – Ports and Harbours
J Thomason, Management Accountant
A Ross, Solicitor
B Kerr, Communications Officer
L Adamson, Committee Officer

Chair:

Mr A Cooper, Chair of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

None

Minutes

The Committee approved the minutes of the meeting held on 5 March 2018 on the motion of Mr Fraser, seconded by Mr Leask.

13/18 **Aquaculture and Fisheries Research Funding Provision for Financial Year 2018/19**

The Committee considered a report by the Executive Manager – Economic Development (DV-14-18-F), which sought approval for funding for use by the NAFC Marine Centre to provide ongoing development and maintenance of the Shetland Marine Spatial Plan in the financial year 2018/19, and to enable match funding on a case-by-case basis for aquaculture and fisheries research projects that can demonstrate their economic development impact.

In introducing the report, the Director of Development Services reported on the importance of the Marine Spatial Plan, where Shetland is held as an exemplar. He also advised that very significant aquaculture and fisheries research projects have been approved through the match funding programme, and that information on a number of the previous projects were included in Section 4. The Director of Development Services added that both proposals for funding are included in the budget proposals for 2018/19.

In responding to a question, it was reported that the Shetland Marine Spatial Plan maps the various uses and assets of the marine environment out to 12 miles around Shetland. The various research projects would cover areas fished by the Shetland fleet.

During the discussion, comment was made on the significant amount of Council funding made available towards research projects over the past three years for the long-term benefit of the industry, while in comparison it was noted that industry contributions had been very low. In acknowledging that most of the projects would be of significant value, particularly to the fish catching industry, the Director of Development Services said that discussions would take place with industry representatives for their contributions going forward to better reflect the benefits received. In responding to questions, the Director of Development Services advised on the effort to access Scottish, National and European grant funding for the various research projects. The Committee noted that while applied research activity would not necessarily attract grant assistance, these projects can provide significant benefit to industry in the longer-term.

In responding to a request for clarity relating to the recommendation at 1.1.2 of the report, the Director of Development Services advised that historically the industry, European funding and other external funding sources have matched the Council's contributions towards research projects.

On the motion of Mr Campbell, seconded by Mr Duncan, the Committee approved the recommendations in the report.

Decision:

The Development Committee **RESOLVED** to:

- Approve grant funding for ongoing maintenance and development of the Shetland Marine Spatial Plan by NAFC Marine Centre in 2018/19, at a total cost of £39,107 and
- Approve a budget of £150,000 for the financial year 2018/19 to be used as match-funding for research projects in aquaculture and fisheries, to be considered by the Council's Economic Development Service on a case by case basis. It is expected that these projects will demonstrate their ability to deliver economic development outcomes as well as leveraging in external funding where possible.

Sullom Voe Harbour Area – Development Planning

The Committee considered a report by the Acting Executive Manager – Ports & Harbours (PH-08-18-F), which presented proposals on how best to progress the consideration of planning and marine development guidance for the Sullom Voe Harbour Area.

In his introduction, the Acting Executive Manager – Ports & Harbours advised that Appendix A included background information on planning Policy for the Sullom Voe Harbour Area (SVHA), which had been requested during reporting on the SVHA earlier this year. He advised on the proposal, which was subject to approval, to deliver a detailed Masterplan for the SVHA over the next few years, to be funded by the Harbour Account. In terms of reporting, he advised that the strategic decision would rest with this Committee; Environment and Transport Committee and Harbour Board will consider the proposals in terms of their remits, with the final decision by Policy and Resources Committee.

In responding to a question regarding potential job creation from aquaculture developments in the area, the Acting Executive Manager – Ports & Harbours advised that while employment would depend on the scale of development, a fish farm could support up to six jobs and there would be further ancillary activity. He added however, that any employment in rural areas would be of potential significance.

In response to a question regarding the proposals for how the SVHA Masterplan would be progressed, the Acting Executive Manager – Ports and Harbours said that the work involved would be complimentary to the Marine Spatial Plan (MSP), and therefore the MSP team could be integral to the development of the SVHA Masterplan. He advised that an alternative means could be as a separate project through the Development Department research activity. He confirmed however that the route taken would be compliant with procurement regulations.

During the discussion, the Acting Executive Manager – Ports & Harbours referred to Section 4.8 of the report, and advised on other associated planning activity taking place in the area. He also reported on the Crown Estate Asset Management Pilot currently under consideration. In that regard, he advised that the report was expected in June 2018, and the findings should be complementary to the SVHA project.

In responding to a question, the Acting Executive Manager – Ports and Harbours said that while a focus of the Masterplan will be on aquaculture development in the SVHA as that had been the initial question posed, the Masterplan will be a neutral exercise to cover all industries, contributions and interested parties. He also advised that while planning and leasing arrangements are good for the short, medium and long-term, with changes in technology, markets and the environment over time the proposal is that the Masterplan will consider a range of uses into the future.

During debate, Mr Fraser commented on the comprehensive report, and said that the background information as detailed in the Appendix had been beneficial to assist his understanding of earlier Policy decisions. Mr

Fraser moved that the Committee agree to authorise the development of a Marine Development Masterplan for the Sullom Voe Harbour Area. Mr Campbell seconded.

Decision:

That Development Committee AGREED to authorise development of a Marine Development Masterplan for Sullom Voe Harbour Area.

The meeting concluded at 2.35pm.

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Chair



MINUTE

B - Public

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**Development Committee
Council Chamber, Town Hall, Lerwick
Monday 21 May 2018 at 2.00pm**

Present:

A Cooper	M Burgess
P Campbell	S Coutts
A Duncan	J Fraser
S Leask	A Manson
T Smith	

Apologies

None

In Attendance (Officers):

N Grant, Director of Development Services
J Belford, Executive Manager – Finance
D Irvine, Executive Manager – Economic Development
I McDiarmid, Executive Manager – Planning
K Nicolson, Project Manager
W Grant, Project Manager
J Macleod, Performance and Improvement Adviser
P Sutherland, Solicitor
B Kerr, Communications Officer
L Adamson, Committee Officer

Also in Attendance:

R McGregor, SIC

Chair:

Mr A Cooper, Chair of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

The Chair ruled, that in accordance with Section 43 (2) of the Local Government in Scotland Act 2003, the attendance of Councillor Mark Burgess during the proceedings be permitted by telephone link.

Declarations of Interest

None

15/18 Development Directorate Performance Report 2017/18

The Committee considered a report by the Director of Development Services (DV-17-18-F), which enabled Members to analyse the Development

Directorate performance against the Directorate's Service objectives and the Corporate Plan outcomes.

In introducing the report, the Director of Development Services highlighted a number of achievements, work in progress and key areas of risk, as detailed in Section 4. In reporting on the Performance Indicators at Appendix 2, his update included the noted increase in the average number of days in temporary/emergency accommodation. He said that while housing completions have continued to increase this was an area that required to be addressed though increased house builds going forward. In that regard, he referred to the statistic in the Infographic at Appendix D, that there were 103 new house builds during 2017/18, including 63 private and 40 affordable, which he said were quite widespread across Shetland.

In referring to the final bullet point of Section 4.2 "influence changes to our external transport systems that meet our economic growth needs", concern was expressed in regard to the Government's proposal, as part of the Brexit plans, to ban the shipment of livestock for slaughter and on the serious impact this could have on Shetland's agricultural industry. The Director of Development Services confirmed that he would follow up on this matter.

In response to a question, the Director of Development Services advised on proposals to progress the College Integration through the business case methodology with funding from external funding partners, which he confirmed is a priority area for the Council.

Reference was made to Section 6.7 of the report, namely, "limitations of the Shetland wide Broadband and Mobile networks impact on delivery of services", where comment was made that improvements in this area, and in particular to rural communities, could bring about massive savings to the IJB budgets. The Director of Development Services reported on the proposals to connect to Yell and Unst, with a further application being submitted to the UK Government Challenge Fund, and for pressure to be kept on the Scottish Government in terms of their R100 Programme. During the discussion, comment was made on the need for the Council to respond to the commercial aspects to achieve high speed broadband coverage.

In referring to the Council wide indicator on sickness absence, at Appendix B, it was noted that most Directorates show an increase in absence rates during 2017/2018. While it was acknowledged that the Council takes sickness absence seriously, it was questioned what more could be done to alter the trend. The Director of Development Services said that while sickness absence within the Development Directorate has improved over the last four years, he said that long-term absences can have a significant impact on the figures. He went on to say that as long-term absences were often not easy to manage, work to prevent absences and working to resolve any issues were important areas of focus.

In responding to a question relating to the replacement of the inter-island ferries, the Director of Development Services advised that an outline business case was being developed for each of the 9 inter-island routes, and discussions are taking place with Transport Scotland and with the Scottish Government in terms of commitment for revenue and capital funding. The

Director of Development Services confirmed that Fair Isle and Whalsay were the two priority routes.

In referring to the recent revision to the bus transport network, the Committee were advised that the updated timetables no longer fit the existing timetable holders in the bus shelters. The Director of Development Services said that he would follow up with the Executive Manager – Transport Planning to ensure timetables are appropriately displayed within the bus shelters.

Decision:

The Committee NOTED the report.

16/18 **Management Accounts for Development Committee 2017/18 - Draft Outturn at Quarter 4**

The Committee considered a report by the Executive Manager – Finance (F-36-18-F), which enabled the Committee to review the Management Accounts showing the projected outturn at Quarter 4.

The Executive Manager – Finance summarised the main terms of the report and the appendices.

In responding to a question, the Executive Manager – Finance undertook to circulate to Members information on the costs to the Council to repair Council houses that have deliberately been damaged by tenants.

The Committee NOTED the report.

Decision:

The Committee:

- NOTED the Management Accounts showing the draft outturn position for 2017/18; and
- NOTED proposed budget carry-forwards, which will be included in the overall Draft Outturn report to be presented for approval at Policy & Resources Committee on 18 June 2018.

17/18 **Shetland Space Centre - Update**

The Committee considered a report by the Director of Development Services (DV-22-18-F), which provided an update on the activity and progress of the Shetland Space Centre project.

The Director of Development Services summarised the main terms of the report. He reported that the economic opportunities were quite significant and said that while the timescales are tight the Council needs to consider how to engage in the project.

During the discussion, it was reported that while Caithness and the Western Isles were also being considered as possible locations for the satellite launch facility, Shetland, and Unst in particular, would offer the cleanest launch

capacity into orbit and for tracking data on satellites, and was at this time the preferred location. In that regard, the Committee were advised that the announcement on the preferred site was expected on 12 June.

In response to comments that good broadband connectivity was vital for the project in Unst, the Executive Manager – Economic Development advised that there were clear plans to implement a fibre optic link to the north isles, with various options to be considered and decisions to be made. It was however acknowledged that two distinct resilient fibre routes would be required for the project, where R100, Shetland Telecom and a commercial approach could be involved.

During the discussion, reference was made to Section 4.8 of the report, where it was questioned whether the Satellite Launch project could meet the challenging launch date of early 2020. The Director of Development Services acknowledged that the whole programme was tight in terms of getting various legislation and policies in place and decisions made. He advised however that the business case was sound, and he was optimistic that the Council would be successful on the second round of bids for external funding for fibre to Unst and Yell.

In response to questions, the Chair confirmed that officers would act quickly in responding to any approach from commercial interests in broadband provision to Unst and Yell. In terms of the tight timescale should Unst be selected as the preferred location, the Chair advised that should any factor of the project require a decision of Committee in early course a special Development Committee could be called.

On the motion of Mr Coutts, seconded by Mr Leask, the Committee approved the recommendation in the report.

Decision:

The Committee:

- NOTED the report; and
- INSTRUCTED the Director of Development Services (or his nominee) to provide a report to a future Committee which details how the Council should engage with the Shetland Space Centre (SSC) in its planned delivery of satellite launch and satellite tracking facilities in Unst.

In order to avoid the disclosure of exempt information, Mr Cooper moved, Mr Coutts seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of the following item of business.

(Mrs Manson declared an interest in the following item).

18/18 **Shetland Investment Fund - Investment Activity 2017/18**

The Committee considered a report by the Business Development Project Managers, which presented a summary of Council investments in local businesses over the reporting period from 1 April 2017 – 31 March 2018.

The Business Development Project Manager (W Grant) introduced the report, and responded to questions from Members.

Reference was made to the low uptake of economic development grant schemes and whether the existing schemes and policy meets the needs of industry. The Executive Manager – Economic Development advised that a report on the Economic Development Policy Strategy to Committee in June 2018 would include proposals for economic development grant schemes going forward.

Decision:

The Committee NOTED the report and appendix.

The meeting concluded at 3pm.

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Chair



Meeting:	Development Committee	11 June 2018
Report Title:	Economic Development Strategy 2018-2022	
Reference Number:	DV-24-18-F	
Author / Job Title:	Executive Manager – Economic Development	

1.0	Decisions/Action Required:
1.1	That the Development Committee APPROVES the attached Economic Development Strategy 2018-2022 for consultation with industry, community stakeholders and public sector stakeholders.
2.0	High Level Summary:
2.1	The Economic Development Strategy 2018-2022 was produced following work by Economic Development Service staff to develop a set of policy actions to guide the work of the Economic Development Service for the period of the current Council, and in the context of national, regional and local policy. This document will replace the previous policy statement covering the period 2013-2017.
2.2	The attached draft Strategy presents the overall aims and objectives of the Economic Development Service for the period 2018-2022, and details specific actions, measures and outcomes, including timescales, through which the service will seek to realise these objectives. The Strategy and Action Plan are attached as Appendices 1 and 2 respectively.
3.0	Corporate Priorities and Joint Working:
3.1	<p>The Strategy is in line with Our Plan 2016-2020, which states:</p> <p><i>“A stronger economy which has well-paid jobs available to more people has the potential to produce a more prosperous and fairer society in Shetland. The long-term community plan aim is for Shetland to have good places to live as well as sustainable economic growth with employment opportunities, and for our residents to have the skills they need to benefit from those opportunities.”</i></p> <p>The Strategy addresses the following key aims of the Plan:</p> <p><u>Economy and Housing</u></p> <ul style="list-style-type: none"> • We will have an economy that promotes enterprise and is based on making full use of local resources, skills and a desire to investigate new commercial ideas. • We will have a culture of helping new businesses to start up and businesses to grow, as well as having a thriving ‘social enterprise sector’ of businesses that give something back to the community.

- There will be opportunities for people with all levels of skills, and there will be a close match between the skills that businesses need and those that the trained workforce have.
- We will be investing development funds wisely to produce the maximum benefit for Shetland's economy.

Community Strength

- Communities will be supported to find local solutions to issues they face.
- Communities will be taking ownership of community assets and putting them to best use, as set out in the Community Empowerment (Scotland) Act.

Connection and Access

- More people will have access to high-speed broadband and reliable mobile connections, helping to connect people, communities and businesses throughout Shetland.

3.2 The Strategy supports the vision and priorities of the draft Shetland Partnership Plan 2018-2028, and provides information as to how the work of the Economic Development Service will directly address the shared priorities of the Shetland Partnership.

3.3 A key objective for the Shetland Partnership is to develop and implement a ten-year action plan to attract people to live, work, study and invest in Shetland. This plan is predicated on the link between a healthy demographic balance and the ability to sustain communities and services, and compete economically.

The vision of the plan is:

“In 2028 Shetland will:

- *Be an island of opportunity for young people, businesses and investors;*
- *Be a vibrant and positive student destination;*
- *Have a more balanced demographic profile and a growing population underpinned with more private sector jobs.”*

In order to achieve this vision, the plan articulates the following objectives:

- Targeted support for industry growth sectors and areas of skills shortage in the public sector
- Foster an environment that supports entrepreneurship and sustainable learning and research.

4.0 Key Issues:	
4.1	Direct funding to businesses and social enterprises will be undertaken through a portfolio of assistance schemes which reflect the priorities of the Council and the Shetland Partnership. Schemes will be developed in support of the Strategy which provide assistance towards growth in key sectors (including food and drink, tourism and manufacturing), establishment of new business start-ups, childcare, and encouraging new job creation and graduate placements. A summary of existing and proposed schemes is attached as Appendix 3.
4.2	The exit of the United Kingdom from the European Union in 2019 will have significant impacts on the local economy, not least in potential changes to trading conditions, legislative requirements, and funding for regional and/or industry development. As and when informed strategic considerations can be made, this Strategy will be revisited to include post-Brexit economic plans.
4.3	The progress of the UK Islands Deal will also have impacts with regards to priority economic developments. A number of the projects identified as priority areas for development have been included within the Action Plan as objectives, and the Strategy itself has been scoped to complement the work done to develop the Islands Deal. Impacts on strategic objectives will become clearer as this work progresses.
4.4	The draft Strategy will be submitted for consultation to a range of industry representatives, Council departments and other community planning partners. It is proposed that this exercise begin immediately and a subsequent final draft of the Strategy be submitted to the Development Committee, Policy and Resources Committee and the Council in October 2018.
4.5	As part of the consultation process the draft Strategy has been submitted for Strategic Environmental Assessment (SEA) pre-screening.
4.6	The Strategy and particularly the support schemes will be promoted as a key part of the Economic Development Service's current drive to raise its profile to help achieve the Council's economic development objectives.
5.0 Exempt and/or Confidential Information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	Consultation with industry and other stakeholders will be a key aspect of the consultation process for the Strategy.
6.2 Human Resources and Organisational Development:	None identified.
6.3	None identified.

Equality, Diversity and Human Rights:	
6.4 Legal:	None identified.
6.5 Finance:	Upon adoption, the Strategy will provide guidance for how budgets within the Economic Development Service will be apportioned to best achieve the aims and objectives described. All actions and initiatives described in the Action Plan will be subject to the availability of finance as per the annual budget setting process.
6.6 Assets and Property:	None identified.
6.7 ICT and New Technologies:	None identified.
6.8 Environmental:	A Strategic Environmental Assessment pre-screening notification was submitted to the SEA Gateway on 16 May 2018. At the date of writing a response is awaited.
6.9 Risk Management:	This document seeks to establish a policy framework for the Economic Development Service and thus provide guidance for how the service will operate for the period of the current Council. Without a defined policy direction the Council risks presenting an inconsistent message to local industry and the wider public on how economic development issues are addressed in a time of reducing budgets. Adopting a strategic direction allows the Council to present clear guidance on these issues.
6.10 Policy and Delegated Authority:	In accordance with Section 2.3.1 of the Council's Scheme of Delegations, the Development Committee has delegated authority to implement decisions within its remit.
6.11 Previously considered by:	None.

Contact Details:

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4 June 2018

Appendices:

Appendix 1 – Economic Development Strategy 2018-2022
Appendix 2 – Economic Development Strategy Action Plan
Appendix 3 – Proposed Economic Development Grant Schemes

Background Documents: None

END



Shetland Islands Council

Economic Development Strategy 2018-2022



SHETLAND ISLANDS COUNCIL ECONOMIC STRATEGY

2018-2022

CONTENTS

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- 2 Background
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Introduction

The SIC Economic Development Strategy forms an integral part of Shetland Islands Council's Corporate Plan, and covers the period 2018 to 2022. The Strategy will act as the policy framework for the work of the Council's Economic Development Service, and will be overseen by the Development Committee.

Shetland is a wonderful and beguiling part of the world. Located over 200 miles north of Aberdeen, we are virtually equidistant between Scotland, Norway and Faroe, and we embrace our history as a part of the Kingdom of Denmark, and our present as the northernmost part of the United Kingdom.

Shetland's location is an intrinsic part of its economic success.

The islands are surrounded by some of the richest fishing grounds in the world, and the island topography creates voes and inlets which are ideal for the development of aquaculture – it is no surprise that fisheries activity is the cornerstone of the local economy.

Also on Shetland's doorstep are abundant oil and gas reserves – decades of extraction activity have seen these reserves decline, but have also led to years of productive economic activity and investment, and new developments continue to provide benefits and opportunities.

Economic activity in Shetland is very strong, with high employment and a productive business base. School leavers overwhelmingly go into positive destinations such as employment, training and higher/further education, and many employers are fully engaged in developing their workforce through training and apprenticeships.

Innovation is one of Shetland's key strengths, and advances in renewable energy and telecommunications have brought substantial benefits to local communities—these must be built on to broaden their impacts and make sure we are always asking 'what's next?'

Our unique local heritage is the foundation for a thriving arts and culture scene, with world renowned music, film and literature festivals, while the name 'Shetland' has become a marker of quality for those exporting food and crafts.

Despite many positive aspects of local life, Shetland's story has always been one of using our strengths to overcome adversity, and there are many challenges facing us. The high cost of living continues to climb as prices increase while most wages remain static, and public services continue to experience reducing budgets, leading to hard choices over spending.

An ageing population will not only put pressure on local services but risks depleting the local labour market. Some sectors, including construction, healthcare and education, report considerable difficulties in recruiting staff, and many of our remote communities struggle to retain their population and face an uncertain future.

The United Kingdom's proposed exit from the European Union is a major source of uncertainty, and has unprecedented implications for our economy, not least in the key areas of fisheries, energy and public services. It is essential that these developments are understood from an economic perspective, and monitored with a view to how opportunities are built upon and threats mitigated.

Economic growth is a fundamental priority of the Council, and this strategy intends to build on our strengths and address our challenges through targeted actions and initiatives.

Background

The last ten years have been an economic success in many ways for Shetland. Developments in oil and gas, the continued high performance of the fisheries sector and growth in areas such as manufacturing have helped the isles to weather many of the worst impacts of the 2008 financial crash.

Economic performance remains strong, with Shetland enjoying the fifth highest Gross Value Added per head of Scottish local authorities, behind only Aberdeenshire and the country's three main cities.

Employment figures continue to be very high, while Shetland has cultivated a reputation as a producer of high quality food and crafts, as well as a visitor destination of choice, and currently enjoys a very high media profile – all of which are positive foundations on which to build for the future.

The effects of the last decade's economic downturn have been felt most keenly in public services, which have had to manage on steadily reducing budgets year-on-year. This has led to difficult funding choices for the Council, and has had impacts on the extent to which the authority can provide interventions in the local economy.

The Shetland Employment Survey 2017 recorded a fall of 4.8% in the number of full-time equivalent jobs in Shetland between 2011 and 2017. Much of this fall can be attributed to the effect of public sector cuts leading to a reduction in services, but there is evidence that other factors are contributing, including the impacts of an ageing population on the local labour market.

The challenge for Shetland Islands Council and its Community Planning Partners is to build on the high performance of our key sectors – fisheries, oil and gas, engineering – while ensuring that the economy diversifies. The creative sector, local food and drink production, new technology and developing new attractions for visitors will be key to this.

We must ensure that growth is inclusive, and promote developments which bring benefits to all communities in Shetland. High transport costs, lack of access to services, fuel poverty and underemployment are issues which hit harder for those in more remote or rural areas, and enabling communities to develop and seize economic opportunities is essential to retaining the fundamental character of Shetland.

This strategy is built on the following guiding principles:

The purpose of our service is to support business and communities to create the ideal conditions for growth.

We will work with the private, public and voluntary sectors, the Scottish and UK governments, with academia and with communities, to ensure that a true partnership is central to how economic developments are taken forward.

We will be proactive rather than reactive—we will not wait for projects to come to us but will engage directly with communities and business to determine priorities and develop projects.

Economic analysis—our facts and figures

In this section we look at some of the key economic facts and figures which illustrate the strengths and weaknesses in the Shetland economy, demonstrating the foundations on which to build and the challenges to address

A selection of key strengths shows the following:



The last Shetland Regional Accounts recorded local economic output at well over £1bn. Our GVA per head is over £27,000, the fifth highest of all Scottish local authorities



There is a degree of optimism in the private sector, with 52% of businesses expecting an increase in turnover in the next three years, and 17% expecting to increase employment



At over 88% of 16-64 year olds, our economic activity rate is the highest in Scotland, and our out-of-work benefit claimant count is the lowest in Scotland, at 0.7%



Over the past 5 years, the rate of volunteering in Shetland has steadily risen and is now over double the rate in the rest of Scotland (56% of adults surveyed in Shetland, compared to 27% in Scotland)



We have a stable and resilient business base, with a 70% survival rate since 2010, compared to 41% nationally



Over 93% of school leavers entered positive destinations (employment, higher or further education, etc.) in 2015/16



Employment in accommodation, catering, wholesale, retail, business services and manufacturing increased by over 19% between 2011 and 2017



There is a high local take-up of Modern Apprenticeships in Shetland— in 2016/17, 11.3% of employed 16-24 year olds in Shetland were in MAs (9% nationally) and the achievement rate for that year was 84% (74% nationally)



Shetland is a major primary producer of seafood, responsible for 74% of Scottish mussel production and 23% of Scottish farmed Atlantic salmon. One-fifth of all fish landed in Britain is landed in Shetland



Recent oil and gas developments suggest that Shetland is likely to benefit from ongoing exploitation of North Sea and West of Shetland reserves for some time to come, while Shetland's location makes North Sea decommissioning work a viable option for the future



Our media profile has increased dramatically over the last few years, with musical exports, advertising campaigns and television series (not least the popular BBC productions *Shetland* and *Island Medics*) generating a great deal of interest in Shetland as a location and destination

Despite the clear strengths demonstrated above, there are many challenges facing Shetland's communities and economic future.

A summary of areas requiring development shows the following:



Shetland's population is ageing—between 2011 and 2016, the over 65 population increased by 17%, compared to an increase of just 2% in those aged 16-29, and a decline of 5% in those aged 15 or younger.



The latest survey of employment showed a decline of 4.8% in full-time equivalent employment in Shetland between 2011 and 2017, with public administration, education and construction among those sectors experiencing decline.



Latest Scottish Government figures (2016) showed that, at 21.3%, Shetland had the highest rate of underemployment (i.e. those in employment who would like more/longer hours given the opportunity) among Scottish local authorities.



The cost of living in Shetland remains substantially higher than in most of the UK—the minimum living costs of a household living in Lerwick are estimated to be one-third above those of a household in a UK city, with commuting distances, higher fuel costs and delivery charges being among the drivers of increased costs. Costs of living in more remote areas are higher still.



Many areas in Shetland do not currently have access to high speed broadband or mobile connectivity, which limits business growth, restricts services and makes those areas less attractive as places to live.



Much of our economy is reliant on high value sectors—particularly fisheries and oil & gas—which are vulnerable to market fluctuations affecting unit prices. The UK's exit from the European Union will create significant uncertainty over export conditions for these sectors.

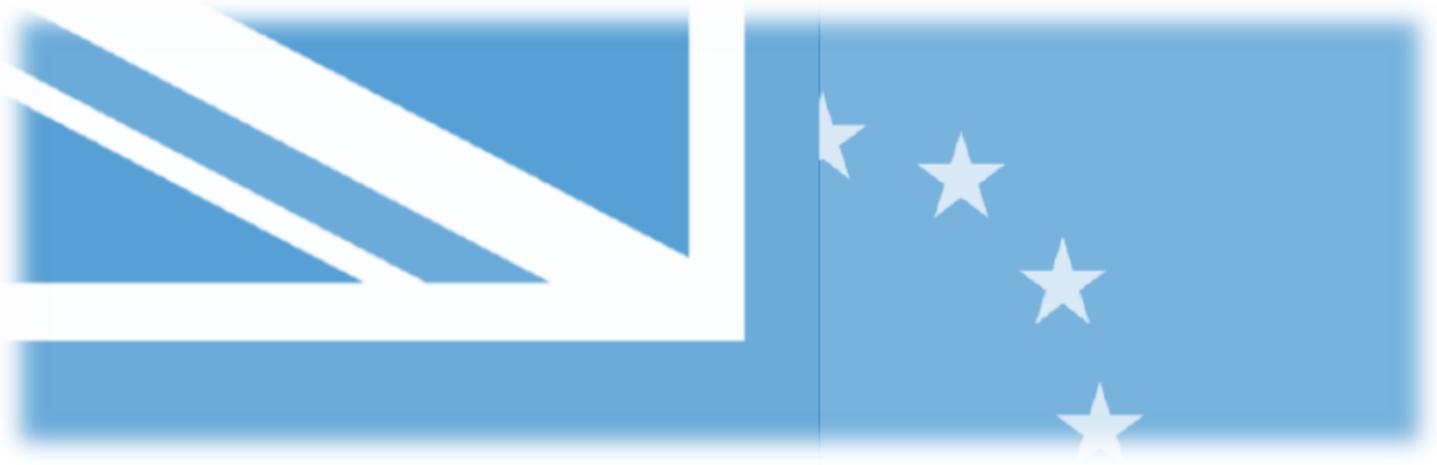


Respondents to the employment survey reported considerable difficulties with local recruitment, with 22% stating that employability of candidates for vacancies is a concern, and 20% stating that they are unable to fill vacancies due to a lack of local labour.



It is estimated that around 53% of households in Shetland are in fuel poverty, defined as spending 10% or more of household income on satisfactory heating.

Our economy outside the European Union



An economic strategy which is embarked upon in 2018 must take into account the potential for enormous economic, social and political upheaval as the date of the UK's exit from the European Union nears.

While new opportunities may arise, what is certain is that our challenges – high cost of living, distance from markets, restricted labour market – will remain, and it is essential that a post-EU settlement is structured in such a way as to build on the positive aspects of the economy, including the strengths of our key industries.

Given their exporting natures, fisheries and agriculture will be particularly vulnerable to changing trade conditions, which may put Shetland's positive trade balance at risk. Impacts on tourism, public services, business services and transportation are all but certain, but the nature and scale of those impacts will only become clear once exit negotiations are finalised.

Changes to the movement of labour are likely to impact on many areas of Shetland life, as our restricted labour market means immigration is essential for continued economic development, and growing our working age population is a central aim of the Shetland Partnership.

Shetland has overcome many challenges in the past, and can continue to thrive in the face of future challenges through hard work and innovation. The right support from the UK and Scottish governments is essential for our future prosperity, and any response to government on a post-EU settlement must include the following:

- ◆ Establishment of successor programmes to EU support mechanisms, including ERDF, LEADER and others
- ◆ Government support aimed at adding value to primary production sectors
- ◆ Acceleration of Islands Deal talks with commitment to key development initiatives which will encourage economic growth
- ◆ Support for higher level collaborative actions between the Council and government agencies where this will promote economic development opportunities

We must be prepared to seize upcoming opportunities and address any challenges arising from a post-EU settlement, and will therefore revisit this strategy in 2019 to reassess priorities following the UK's exit from the EU.

Shetland's Partnership Plan 2018-2028

“Working together to improve the lives of everyone in Shetland.”

The Shetland Partnership is the Community Planning Partnership (CPP) for Shetland and is made up of a wide range of partners and community bodies who work together to deliver our collective ambitions for the future through Shetland's Partnership Plan.

Shetland's Partnership Plan is a plan for all partners and communities in Shetland. It is about working together to improve the lives of everyone in Shetland.

The key focus of the Plan is to reduce inequality of outcome in Shetland – how we will tackle the issues that mean some people and groups have a poorer quality of life than others. To this end, the Plan articulates the following shared vision for 2018-2028:

“Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges”

To realise this vision, the Plan identifies a number of priority areas. It is essential that the Council's economic strategy both recognises and delivers on these priorities, and a brief summary of each priority in relation to the strategy is included below.



People

Through encouraging entrepreneurship, supporting skills development and enabling communities to realise their ambitions, we will help to reduce poverty, encourage participation in learning and training, and help to make people feel connected to their communities.



Participation

The development and regeneration of communities through projects, such as utilising unused assets and developing visitor services, is a key part of our strategy, and will be instrumental in helping communities feel more empowered, and improving the lives within those communities.



Place

We will support ambitious and innovative developments in the private sector which will encourage growth in the working age population and provide the skills local employers require, while making Shetland an attractive place to live and work. Our work in relation to the Islands Deal will develop new economic initiatives while giving Shetland a greater voice in national policy.



Money

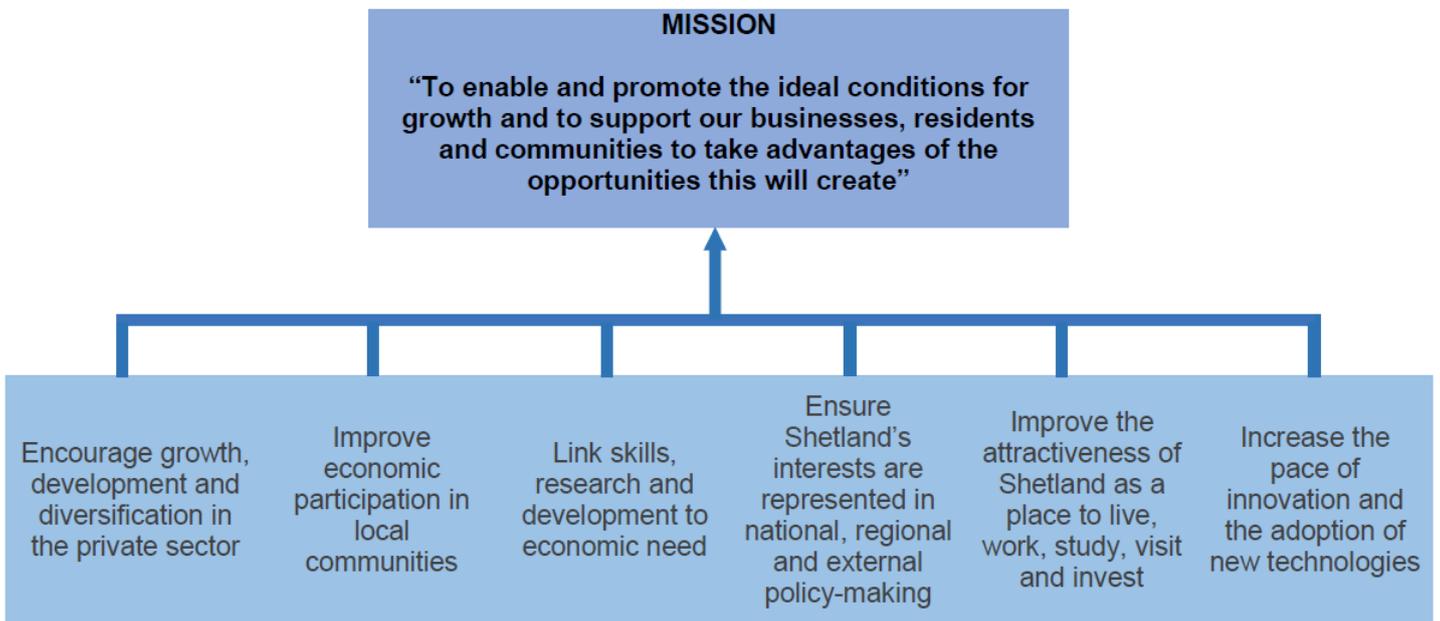
We will work to improve availability of services essential for quality of life and access to well-paid employment, including high speed broadband and childcare. Our work to improve communities, develop businesses and enhance the skills of the local population will address issues such as underemployment and the cost of living.

Our strategy

The mission statement and objectives below form the SIC Economic Development Strategy 2018-2022.

The mission statement represents the fundamental purpose of our service and what we will endeavour to achieve for the benefit of Shetland.

The objectives represent our key areas of development, under which we have drafted a series of actions which will deliver meaningful economic change to Shetland’s economy and communities.



Our strategy—in context

Our strategic objectives and actions are driven not only by the functions of our own service but by the requirement to fulfil a range of local, national and European economic policy objectives.

The diagram below shows the key strategies and plans which have informed the direction of our economic strategy and determined the priorities and actions which will realise local economic benefits.





Encourage growth, development and diversification in the private sector

What we want to see...

We will have an economy that promotes enterprise, innovation and entrepreneurship, and is based on making full use of local resources, encouraging new developments and increasing high value opportunities.

What we will do...

We will:

- Manage the Business Gateway service to provide support, information and guidance to those looking to start up or develop and business or social enterprise
- Provide financial assistance to priority projects in key sectors through grant funding or commercial lending
- Add value to local primary production through support for increased local production and processing, and improved marketing
- Develop business and digital skills through targeted training courses



Improve economic participation in communities

What we want to see...

Our economic strategy is based on the principle of inclusive growth—we will ensure that opportunities for growth and development are accessible to all, and that communities are supported in realising their ambitions.

What we will do...

We will:

- Engage with the community empowerment agenda to ensure a co-ordinated approach to community development
- Support community development projects through the LEADER and EMFF funding programmes
- Assist community groups and organisations to develop projects, including developing key community assets such as underused buildings
- Support new provision of childcare



Link skills, research and development to economic need

What we want to see...

We will develop our understanding of the economy and future skills requirements, strengthen employer engagement in the local skills system, and address barriers to participation, in order to meet the skills needs of employers and achieve economic growth.

What we will do...

We will:

- Provide up-to-date research and information on the Shetland economy
- Undertake a strategic approach to developing skills, and provide targeted assistance measures for businesses to fill skills gaps
- Support research and development, and investigate development opportunities for key economic sectors



Ensure Shetland's interests are represented in regional, national and external policy-making

What we want to see...

Our future prosperity depends on decision-making at the highest levels of regional, national and external governance being properly informed of Shetland's priorities and interests, and future settlements—crucially the UK's post-EU settlement and the Islands Deal—taking these into account in the form of appropriate policy-making.

What we will do...

We will:

- Maximise the benefits to Shetland from current engagement with the EU
- Provide support and information towards the lobbying efforts for a UK Islands Deal
- Ensure that Island Communities Impact Assessments are a meaningful part of legislative development as part of the UK Islands Bill
- Prepare for the UK's exit from the European Union by promoting Shetland's interests at all levels of policy-making



Improve the attractiveness of Shetland as a place to live, work, study, visit and invest

What we want to see...

Attracting people to Shetland is at the heart of our economic future. In order to grow our economy we will attract more people here to make their living and raise their families, to study and innovate, and to visit and then spread the word about experiences.

What we will do...

We will:

- Manage and monitor delivery of the Promote Shetland contract
- Increase the economic impact derived from visitors to Shetland by improving services and activities
- Increase the value of the creative and cultural sector in Shetland



Increase the pace of innovation and the adoption of new technology

What we want to see...

We will seek to improve the economic circumstances of communities in Shetland by improving access to high speed communications, while supporting innovation through research and development, and reducing our dependence on fossil fuels.

What we will do...

We will:

- Facilitate delivery of high speed broadband and mobile connectivity across Shetland
- Support research and development which contributes to economic growth
- Reduce dependence on fossil fuels and increase installed renewable energy sources

Our ambitions

Our ambitions for Shetland are clear. By focusing on inclusive growth, by building on our strengths and addressing our key challenges, and by representing Shetland’s interests at a national and European level, we intend to achieve a range of positive economic outcomes.

As a result of our actions, and through collaboration with community planning partners, we aim to achieve the following:



250 new private sector jobs by 2022



95% of premises accessing high speed broadband in 2022



The number of businesses struggling to fill vacancies will have reduced to 15% by 2022 (currently 20%)



The number of local residents aged 16-29 will have risen from 16% (2016) to 18% by 2022



Maintain economic activity rate above 90% of 16-64 year olds



Significant and sustained increase in the value of primary processing activity undertaken in Shetland



Carbon emissions reducing faster than the Scottish average



Reduce the rate of local underemployment to below 10%



Increase the economic impact from the local creative sector and from visitors to Shetland

Encourage growth, development and diversification in the private sector				
Action	Measure	Outcome/Output	Responsibility	Timescales/Priority
Encourage growth and development in the local business sector through targeted financial support mechanisms	Provide grant assistance to projects in key commercial sectors to support business growth, new market development or new products	12 commercial projects supported in the following key industries: Food & drink Manufacturing Tourism	Business Development Project Manager(s)	Annual
	Support economic growth through commercial investments	Provide 3 new commercial investments to project which generate growth in the local economy	Business Development Project Manager	Annual
		Manage and report on existing portfolio of commercial investments and fishing quota assets	Commercial Investments Officer Shetland Investment Board	Ongoing
Ensure access to appropriate advice and guidance for local businesses	Provide business planning information, advice and guidance to those looking to start or develop their business in Shetland	Provide support to 20 new start ups through Business Gateway	Business Development Project Manager(s)	Annual
		Provide advice to 50 businesses or social enterprises looking to expand or develop	Business Development Project Manager(s)	Annual
	Develop business skills among the local community through advice and training	Provide 50 Business Gateway clients with access to BG training courses	Business Development Project Managers Business Gateway Support Officer	Annual
		Provide support and guidance to the local Young Enterprise programme	Research Officer	Annual
	Develop digital and online skills among the local business community	Provide 50 clients with access to Digital Boost training courses	Business Development Project Managers Business Gateway Support Officer	Annual
		Provide 10 businesses with 1-2-1 support to develop digital skills	Business Development Project Managers Business Gateway Support Officer	Annual

Encourage growth, development and diversification in the private sector				
Action	Measure	Outcome/Output	Responsibility	Timescales/Priority
Increase output from primary production in Shetland through supporting new developments	Increase value of local agricultural production and processing	2 projects adding value to the local agricultural production sector	Executive Manager	2022
	Encourage higher volume of local aquaculture production and processing	2 projects adding value to local aquaculture	Executive Manager	2022
	Develop processing and marketing facilities to maximise the value derived from local fish landings	2 projects adding value to local fish landings or improving quality	Executive Manager	2022
	Engage with local partners and seafood industry to prepare strategic plan for industry development	Strategic plan to support the ambitions of local seafood businesses	Business Development Project Manager	2019
Develop key sectors through supply chain analysis, inward investment and business case management	Work with local partners and industry to develop 'ultra deep water' decommissioning berth at Dales Voe	First 'ultra deep water' decommissioning facility in UK located in Lerwick	Executive Manager	2022
	Support development of commercial kitchen workshops to encourage business growth and use of local produce	6 commercial kitchen workshops developed	Executive Manager	2022

Improve economic participation in local communities				
Action	Measure	Outcome/Output	Responsibility	Timescales/Priority
Support community and commercial projects through local delivery of current regional, national and EU funding programmes	Deliver and monitor Shetland LEADER Programme 2014-2020	Deliver £2m of LEADER support as match funding for local development projects	LEADER staff	2023
	Deliver and monitor the community led local development aspect of the European Maritime and Fisheries Fund 2014-2020	Deliver £0.5m of EMFF support as match funding for local development projects	European Projects Manager	2023
Support communities and individuals to engage in economic activity and/or reduce the effects of peripherality and disadvantage	Support economic activity in local communities through targeted assistance for local development projects	3 community projects generating economic activity in local communities supported under the Economic Development Grant Scheme	Business Development Project Manager(s)	Annual
		3 new start childminders supported under the Financial Support for Childminders Scheme	Business Development Project Manager	Annual
	Encourage growth in commercial activity through development of unused or underutilised assets	Support 2 projects through which communities develop sustainable business plans for community asset transfers	Business Development Project Manager(s)	Annual
Ensure communities – whether geographic or ‘communities of interest’ are able to influence local decision-making and engage with strategic developments taken forward by local and national government	Engage with and provide support to local community planning agenda		Business Development Project Manager(s)	Ongoing
	Support community groups, businesses and communities of interest to improve collective decision-making and create opportunities for growth	Support the development of 2 new Business Improvement Districts in Shetland	Business Development Project Manager	2022

Link skills, research and development to economic need				
Action	Measure	Outcome/Output	Responsibility	Timescales/Priority
Monitor developments in the Shetland economy through up-to-date research work	Develop, undertake and report on survey work to deliver detailed and up-to-date information on the Shetland economy	Shetland Employment Survey	Business Development Project Manager	2020
		Shetland In Statistics	Research Officer	Annual
		Shetland Regional Accounts	Business Development Project Manager	2018/19
		Shetland Visitor Survey	Business Development Project Manager	Biennial
Ensure strategic focus on developing skills to support business growth	Develop and implement Shetland Skills Investment Plan	Shetland Skills Investment Plan drafted and approved	Business Development Project Manager	2018
		Shetland Skills Investment Group convened	Business Development Project Manager	2018
	Develop links between business and recent graduates to support growth	3 business/graduate links supported under Graduate Placement Scheme	Business Development Project Manager	Annual
	Develop assistance measures to improve recruitment of Modern Apprentices in target sectors and support those in rural areas to access training opportunities	Support 2 businesses in target sectors to recruit MAs in older age ranges	Business Development Project Manager	Annual
		Provide support to MAs in rural areas to access college and off-the-job training	Business Development Project Manager	Annual
Support growth in key sectors through research and feasibility studies	Undertake strategic review of local textile manufacturing capacity	Completed review	Business Development Project Manager	2020
	Undertake feasibility study into Shetland-based fisheries research and management facility	Finalised feasibility study/business case	Business Development Project Manager	2020
	Ensure financial support to NAFC Marine Centre is appropriately targeted to meet industry needs	4 research projects supporting industry growth supported	Business Development Project Manager	Annual

Link skills, research and development to economic need				
Action	Measure	Outcome/Output	Responsibility	Timescales/Priority
Ensure appropriate administration and management of the Shetland Islands Regulated Fishery (Scotland) Order (RO) during 2018/19 to maintain sustainable inshore fisheries in Shetland	Provide grant funding to support the delivery of management and administration of the Shetland Islands Regulated Fishery (Scotland) Order (RO)	Funding to delivery partner arranged for administration and management function	Business Development Project Manager	2018/19
	Develop options for future administration and management of RO from 2019/2020 onwards	Business case analysis detailing future administration and management arrangements	Business Development Project Manager	2018/19
Maintain and improve quality control systems in the fisheries sector through collaboration with key delivery partners	Provide grant funding to delivery partner for quality control systems in the fisheries sector	Funding to delivery partner arranged for quality control systems	Business Development Project Manager	2018/19
	Develop options for future quality control delivery from 2019/2020 onwards	Business case analysis detailing future quality control delivery	Business Development Project Manager	2018/19

Ensure Shetland's interests are represented in national, regional and external policy-making				
Action	Measure	Outcome/Output	Responsibility	Timescales/Priority
Provide strategic information and guidance to Council members and officials on issues related to the United Kingdom's exit from the European Union, as these relate to Shetland interests	Convene and manage the local Brexit Sounding Board	Quarterly meetings of the Brexit Sounding Board	Executive Manager European Projects Manager	Quarterly
Contribute to national and regional strategic development, in order to maximise local control and management of resources	Provide policy guidance, reporting and lobbying efforts towards realisation of a UK Islands Deal	Islands Deal recognised in UK Government budget	Executive Manager	2021
		Key project summaries for developments to be funded as part of Islands Deal settlement	Executive Manager	2021
Maximise the benefits to Shetland from current Council engagement with the European Union, and from post-EU settlement	Promote representation on relevant regional, national and European committees, partnerships and groups to engage and lobby on issues affecting Shetland's economic future	Attendance at officer and political level at key committees with relevance to Shetland economic interests. These will include: <ul style="list-style-type: none"> • Highlands & Islands European Partnership • Highlands and Islands European Partnership Board • Highlands & Islands Territorial Committee • Convention of Scottish Local Authorities • Scottish Local Authorities Economic Development Group • Highlands and Islands Skills Investment Plan Programme Board 	Executive Manager European Projects Manager	Ongoing
	Ensure Shetland's interests are taken into account in negotiations on repatriated regional development funds and local/regional decision-making on disbursement	Guarantee of direct benefit to Shetland from repatriated development funds, through regionally appropriate funding mechanism	Executive Manager	Ongoing

Improve the attractiveness of Shetland as a place to live, work, study, visit and invest				
Action	Measure	Outcome/Output	Responsibility	Timescales/Priority
Raise Shetland's positive profile as a place to live, work, study, visit and do business	Manage and monitor delivery of Promote Shetland in line with contract specifications	Increase number of businesses and people visiting and relocating to Shetland	Business Development Project Manager	2021
		Increase inward investment from businesses located outwith Shetland		
	Increase positive media coverage of Shetland	Provide a first-point-of-contact and liaison function for 4 companies looking to film and produce media content in Shetland	Business Development Project Manager	Annual
Increase economic impact from visitors to Shetland	Increase year round activities and improve quality and capacity of facilities for visitors	3 projects supported developing, enhancing or increasing facilities and activities for visitors	Business Development Project Manager	Annual
	Ensure high quality information available to visitors	Maintain strategic network of 9 Visitor Information Points	Business Development Project Manager	Ongoing
Increase the economic impact of the creative industries in Shetland	Support the development of a network of Cultural and Creative Centres in rural locations throughout Shetland	6 Creative and Cultural Centres established	Business Development Project Manager	2022
	Develop and implement Shetland Arts and Culture Strategy	Arts and Culture Strategy finalised and approved	Business Development Project Manager	2019
	Ensure high quality stewardship of local heritage and culture	Manage and monitor contract delivery for Shetland Museum and Archives in line with established priorities	Business Development Project Manager	Annual
Engage with local developments to ensure economic focus on area regeneration	Engage with realisation of the Knab Master Plan		Executive Manager	2022
	Engage with commercial/industrial developments related to Ladies Drive road infrastructure improvements		Executive Manager	2022

Increase the pace of innovation and the adoption of new technologies					
Action	Measure	Outcome/Output	Responsibility	Timescales/Priority	
Facilitate delivery of high speed broadband across Shetland	Deliver business development functions of Council fibre optic management team	Achieve net income of £150k from private sector sales	Business Development Officer – Fibre Optic Network	Annual	
		Develop marketing plan for fibre sales	Business Development Officer – Fibre Optic Network	2018	
		Contribute to operation of Fibre Optic Asset Management Team	Business Development Officer – Fibre Optic Network	Ongoing	
	Facilitate delivery of high speed broadband and improved mobile coverage across Shetland		95% of premises have access to fibre broadband	Business Development Officer – Fibre Optic Network	2021
			Full business cases for the roll out of high speed broadband solutions to areas of poor or low connectivity in Shetland	Business Development Officer – Fibre Optic Network	TBC
	Facilitate delivery of fibre infrastructure to North Isles		Access to fibre connectivity for Council, public sector partners and others in Yell and Unst	Business Development Officer – Fibre Optic Network	Dec 2019
	Support community-led schemes deliver high speed broadband to rural areas		5 community-led schemes supported which deliver high speed broadband to rural areas	Business Development Project Manager (s)	Dec 2021
Support research and development projects which encourage innovation and growth in the private sector	Provide support to research and development projects which introduce innovative new methods or processes to the private sector	2 industry-led research and development projects supported	Research Officer	Annual	
			Business Development Project Manager(s)		
Reduce dependence on fossil fuels through increasing installed capacity of renewable energy	Support renewable energy developments across Shetland	Support 6 community-scale renewable energy projects through commercial investment and grant assistance	Business Development Project Manager	Annual	
			Support local efforts to establish an interconnector between Shetland and UK mainland	Business Development Project Manager	Ongoing
	Engage with communities, businesses and households to develop options for reducing energy costs and increasing installed renewable energy		5 new district heating schemes developed in Shetland	Business Development Project Manager	2022

Proposed Economic Development Grant Schemes

Economic Development Grant Scheme

Description: General grant scheme covering priority areas of the Shetland economy, including food & drink, manufacturing, renewable energy and social enterprise.

Support: 30% of eligible costs up to £25,000 in the case of general assistance; 50% up to £25,000 for research projects; 50% up to £5,000 for new business start ups.

Priority sectors: Tourism, manufacturing, new technology, social enterprise, renewable energy, food & drink.

Status: **Currently Active**

Graduate Placement Scheme

Description: Provides support to businesses/social enterprises to recruit a recent graduate for a period of not less than one year to address key growth objectives, which must be detailed in a business plan.

Support: 50% of wage and NI costs, up to a maximum of £15,000

Priority sectors: Tourism, manufacturing, new technology, renewable energy, food & drink. Other sectors may be eligible where benefits can be established.

Status: **Under Consideration**

New Business Start Up Scheme

Description: Provides support to new start ups (within six months of starting up) in priority sectors.

Support: Up to £1,500 towards training, marketing or capital costs associated with start up costs.

Priority sectors: Tourism, manufacturing, new technology, renewable energy, food & drink.

Status: **Under Consideration**

Financial Support for Childminders Scheme

Description: Revenue support to new start childminders

Support: Provides an income top-up for new start childminders calculated via hours worked and income generated

Priority sectors: Childminding in domestic premises only.

Status: **Currently Active**

Appendix 3 – Proposed Economic Development Grant Schemes

First Employee Grant Scheme

Description: Provides support to micro-businesses in priority sectors to take on their first full-time employee

Support: Staged payment of £1,000 in total based on milestones.

Priority sectors: Tourism, construction, manufacturing, new technology, renewable energy, food & drink.

Status: **Under Consideration**

Digital Support Scheme

Description: Provides support to SMEs to digitise elements of their business

Support: tbc, but likely to be based around software and hardware costs of digitising business practices in key sectors

Status: **Under Consideration**

Apprenticeship Support Scheme

Description: Provides support to businesses/social enterprises recruiting Modern Apprentices where SDS contributions are less than training costs (Strand 1); also provides support to apprentices where travel costs may make an apprenticeship programme unaffordable (Strand 2).

Support: tbc, but for Strand 1 based on deficit between SDS contribution rate and overall training costs.

Priority sectors: Food and drink, hospitality, construction, manufacturing (ex. engineering)

Status: **Under Consideration**



Meeting(s):	Development Committee	11 June 2018
Report Title:	Allocation Policy Annual Performance Review	
Reference Number:	HS-01-18-F	
Author / Job Title:	Anita Jamieson, Executive Manager – Housing	

1.0 Decisions / Action required:

1.1 That the Development Committee RESOLVES to approve:

1.1.1 the performance reporting targets for 2018/19;

1.1.2 operational change in the nomination agreement with Hjaltland Housing Association (HHA) to nominate preferred prospective tenants in the line with the Council's own list positions; and

1.1.3 review of medical assessment model, with delegated authority to migrate to new assessment system, following full applicant and partner consultation.

2.0 High Level Summary:

2.1 This report details annual performance review information on the housing allocation quota targets contained in the Shetland Islands Council's Allocation Policy for the year 2017/18 and recommendations for the year 2018/19. There is also an attached appendix, detailing a summary of homelessness in Shetland during 2017/18.

3.0 Corporate Priorities and Joint Working:

3.1 This report is delivering in line with the Single Outcome Agreement Local Indicator – 'Improve access to suitable housing options for those in housing need', and on the Corporate Plan statement section 'Helping build a healthy economy and strong communities'.

4.0 Key Issues:

4.1 During the period 1 April 2017 to 31 March 2018, **601** new applications were received by the Housing Service, at an average of 50 per month. Whilst this is generally steady throughout the year, the Service will see a spike to coincide with the completion of new affordable housing developments, as happened in February 2018, with 83 new applications received.

- 4.2 The total number of applications on the Housing Register at March 2018 was **593**, a decrease of 68 since March 2017.

Application Type	March 18 No	March 18 %	March 17 No	March 17 %
Waiting List	360	61%	412	62%
Transfer	100	17%	112	17%
Homeless	127	21%	132	20%
Special Cases	6	1%	5	1%
Total	593	100%	661	100%

Table 1

- 4.3 Housing areas are grouped into localities, as follows:

Locality	Community Council
Central	Scalloway; Burra & Trondra; Tingwall, Whiteness & Weisdale
Lerwick & Bressay	Lerwick; Bressay
North Mainland	Delting; Nesting & Lunnasting; Northmaven
South Mainland	Dunrossness; Gulberwick, Quarff & Cunningsburgh; Sandwick; Fair Isle
West Mainland	Sandness & Walls; Sandsting & Aithsting
North Isles	Yell; Fetlar; Unst; Whalsay; Skerries

Table 2

- 4.4 Table 3 summarises the number of lets within each locality, whilst providing a comparison to data from last year. There has been an increase in the total number of lets in 2017/18, with 171 new tenancies in total. Within most localities, the level of turn-over has been fairly steady as a direct comparison to 2017/18, with the exception of the North Isles and the South Area, which have experienced an increase in the number of properties available for re-let.

Total Number of Council Lets by Locality	Council General Needs Lets		Council Supported Housing Lets (inc Sheltered, Very Sheltered and Supported Living & Outreach)		Total Lets	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Central Area	7	7	3	5	10	12
Lerwick & Bressay	57	50	12	20	69	70
North Area	33	33	0	2	33	35
South Area	15	14	6	2	21	16
West Area	4	8	1	1	5	9
North Isles (inc W&S)	25	20	8	2	33	22
Total	141	133	30	31	171	164

Table 3

4.5 Table 4 details the lets of General Need's properties against set targets (quotas). The targets are a guide to ensure the Service gives sufficient priority to the statutory homeless, whilst also preventing homelessness for others, and allowing current tenants to move when in high housing need.

4.6 Please note that the quotas exclude lets made as sheltered, very sheltered, and all lets made in Unst, Whalsay, Yell, Fetlar, Skerries & Fair Isle. These areas are excluded due to insufficient levels of demand across all three quota groups.

Area	Quota Group	Apr-Mar 2017/18
Lerwick	Homeless (60% Target)	58%
	Transfer (20% Target)	21%
	Waiting List (20% Target)	21%
Landward	Homeless (20% Target)	26%
	Transfer (20% Target)	26%
	Waiting List (60% Target)	48%

Table 4

4.7 There is a significantly lower percentage of allocations to homeless applicants in Landward areas, and there are a number of factors to explain this;

- Over 75% of homeless applicants require single person accommodation
- Over 50% of landward general needs accommodation becoming available for re-let has at least three bedrooms, which is not compatible with our homeless applicant profile.
- 94% of homeless applicants wish to be re-housed in Lerwick
- Of this, over 55% have Lerwick as their only area of choice

4.8 However, January 2018 saw the completion of four one-bedroom flats in Leaside, following the conversion of two three-bedroom properties. This opportune conversion, whilst small, helps to redress the imbalance in rural areas.

4.9 The following tables provide an insight into the relationship between levels of stock, the number of lets, and the overall demand for that particular area. For each locality, the level of demand for Bed-sit / One Bedroom accommodation is greater than each of all the other property sizes combined together.

4.10 Appendix 1 provides a demand map for all individual areas throughout Shetland.

Bed-sit & 1-Bed Council Stock, Relets and Demand

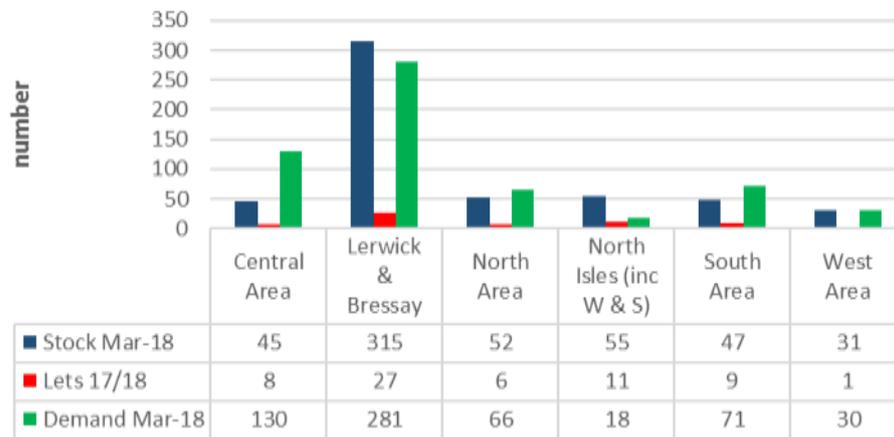


Table 5

2-Bed Council Stock, Relets and Demand

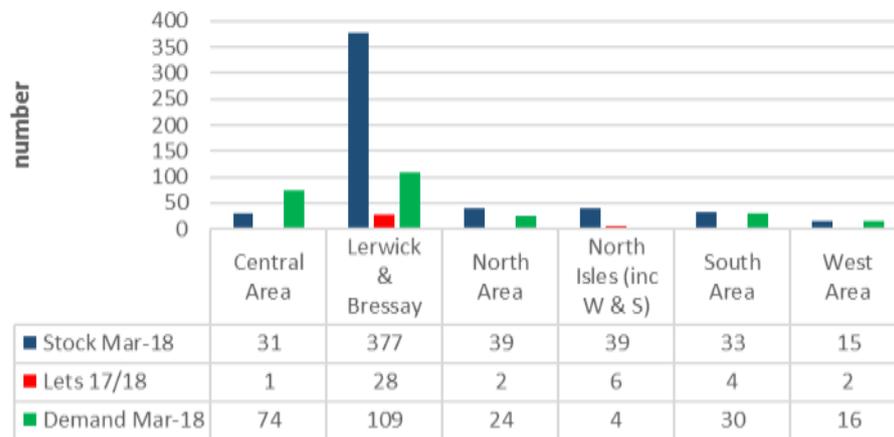


Table 6

3-Bed Council Stock, Relets and Demand

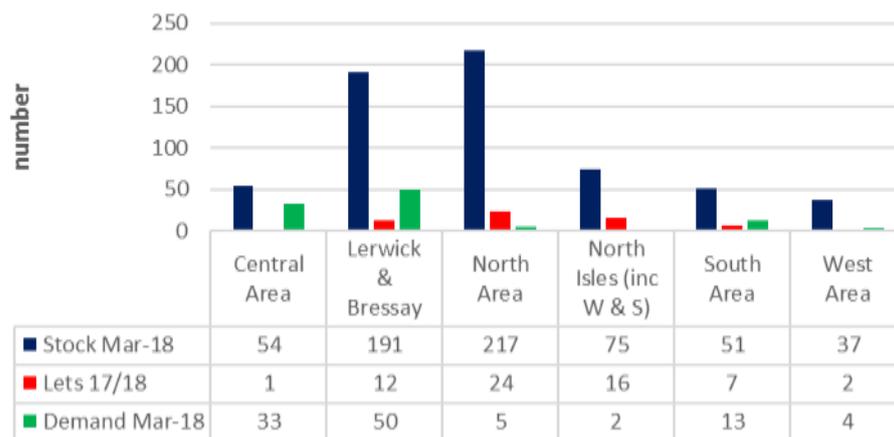


Table 7

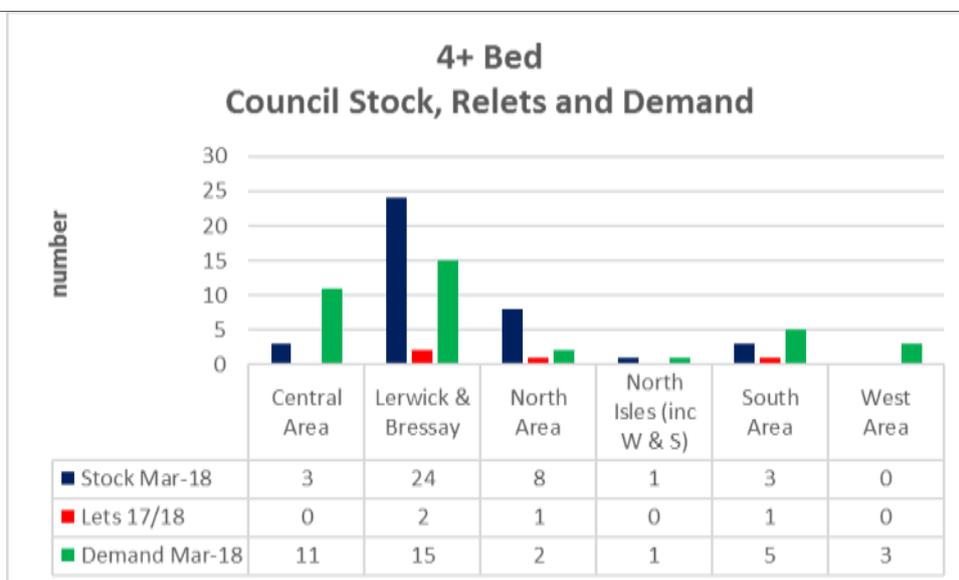


Table 8

- 4.11 Within 2017/18, there were 52 successful nominations to Hjaltland Housing Association. Of these, 32 were to homeless applicants and 20 were to general needs applicants. This is an increase in the number of nominations received through the Association, and is in part thanks to the new build projects at the Observatory and Burnbank. Not only has the new developments increased the available social housing stock in Shetland, but in line with identified need through the Local Housing Strategy, is tackling the greatest shortfall; single person households.
- 4.12 The following statistical information has been gathered to give an overview on performance during the 2017/18 year:

Ref	Allocation Performance Information	17/18	16/17
4.12.1	Number of live housing applications at 31 March	593	661
4.12.2	Number of new applications received in the year	601	586
4.12.3	Percentage of lettable housing stock that became available in the year	11.93%	9.78%
4.12.4	Number of allocations to homeless applicants	47	35
4.12.5	Number of allocations to waiting list applicants	76	93
4.12.6	Number of allocations to transfer applicants	48	36
4.12.7	Percentage of new tenancies sustained for more than a year	88%	82%
4.12.8	Average length of time taken to relet properties (days). There are context considerations with this figure – as an example, one property in Fetlar was re-let after 994 days void, due to no demand. This creates an artificial figure in terms of actual performance.	45.5	34.8
4.12.9	Percentage of new tenants satisfied or very satisfied with the standard of their new home	75%	66%

4.12.10	Number of successful mutual exchanges	22	22
4.12.11	Number of homeless presentations (please see Appendix 2 for Homeless Briefing Paper)	127	114
4.12.12	Number of temporary tenancies created	150 (13 B&B)	170 (30 B&B)

2018/19 quota proposals

- 4.13 There needs to be a continued commitment to reduce the length of time applicants spend in temporary accommodation. The most effective means to achieve this is to maximise the number of lets to homeless applicants.
- 4.14 For Lerwick allocations, there should be an increase in the % of properties made available to homeless applicants, from 60% to 70%. Transfers and waiting list applicants will each receive 15% of allocations.
- 4.15 For Landward allocations, the Homeless quota should increase to 30%, with 30% allocated to transfer applicants, and 40% to waiting list applicants.

Quota Proposals 2018/19	Homeless	Waiting List	Transfer
Lerwick	70%	15%	15%
Landward	30%	40%	30%
Isles (inc Unst, Yell, Fetlar, Whalsay, Skerries & Fair Isle)	No quota	No quota	No quota
Supported Lets (inc Sheltered, Very Sheltered and Supported Living & Outreach)	No quota	No quota	No quota

Table 9

- 4.16 In addition to the quota proposals, the following amendments to the Allocation Policy are proposed;

Change to Nomination Agreement with HHA

- 4.17 Our current nomination agreement with HHA provides the Shetland Islands Council an opportunity to 'nominate' new tenants for 50% of their properties. This model of partnership working is effective in allowing HHA to fulfil their legal obligation to re-house homeless applicants.
- 4.18 The current model uses a choice based lettings system. This requires applicants to be pro-active in expressing their interest in specific properties by a certain deadline, which are advertised online and in The Shetland Times. Our more vulnerable applicants, including those accepted as homeless, often miss out on permanent accommodation because they do not access the outlets where the properties are advertised.
- 4.19 Following discussion with HHA, we have a provisional agreement to change the operational detail of the nomination agreement. The Choice Based Lettings model will no longer operate, but instead we will nominate preferred prospective tenants in line with our own list positions. This will ensure vulnerable adults do not miss out, whilst also ensuring we re-house the homeless applicants who have been in temporary accommodation for the longest time, first.
- 4.20 This model will be monitored on a quarterly basis, with a full year-end review in April 2019.

Medical Assessment Review

- 4.21 There are a number of factors to take into consideration, when assessing an applicant's housing need. One such factor is an applicant's health needs, and how their current property exacerbates their condition. At present, in Shetland, medical points are awarded independently, through the Director of Public Health Office, via an applicant's GP.
- 4.22 This model was historically used through Scotland. However, in recent years there has been a shift away from this, to a situation where nearly all other local authorities make this assessment in-house, taking a more holistic over-view of the applicant's personal housing circumstances.
- 4.23 Acknowledging the need for medically trained expertise, many authorities work in partnership with Occupational Therapists, to assess what adaptations can be done in an existing property to allow the tenant to remain, and what a future property may require to meet the needs of the applicant.
- 4.24 Input from the Community Mental Health Team will be of equal importance, and their expertise, along with that of GP's, will be sought as and when required.
- 4.25 Discussions on an alternative model in Shetland have started with the appropriate partner agencies, and this report is seeking delegated authority to further continue these, with a view to migrating across to an alternative assessment model, following further partner and tenant consultation.

5.0 Exempt and/or confidential information:

5.1 None

6.0 Implications

6.1 Service Users, Patients and Communities:	None
6.2 Human Resources and Organisational Development:	None
6.3 Equality, Diversity and Human Rights:	The Council's Housing Allocation Policy meets the requirements of equalities and human rights legislation.
6.4 Legal:	None
6.5 Finance:	None
6.6 Assets and Property:	None
6.7 ICT and new technologies:	None
6.8 Environmental:	None
6.9 Risk Management:	In terms of risk, there is no direct financial risk associated with this report. However, there are political, economic, social, education and health risks associated with high levels of unmet housing need. The consequences of this unmet housing need will have financial implications for

	those Council services supporting housing, social, education and health.
6.10 Policy and Delegated Authority:	Under section 2.3.1 of the Scheme of Administration and Delegations the Development Committee has the remit for matters relating to housing, and has responsibility for monitoring and reviewing the achievement of key outcomes in the Service Plan, as part of its Planning and Performance Management Framework.
6.11 Previously considered by:	n/a

Contact Details:

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4 June 2018

Appendices:

Appendix 1 Housing Need Demand April 2018
Appendix 2 Homelessness Briefing Paper

Background Documents:

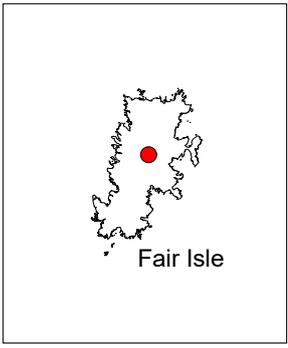
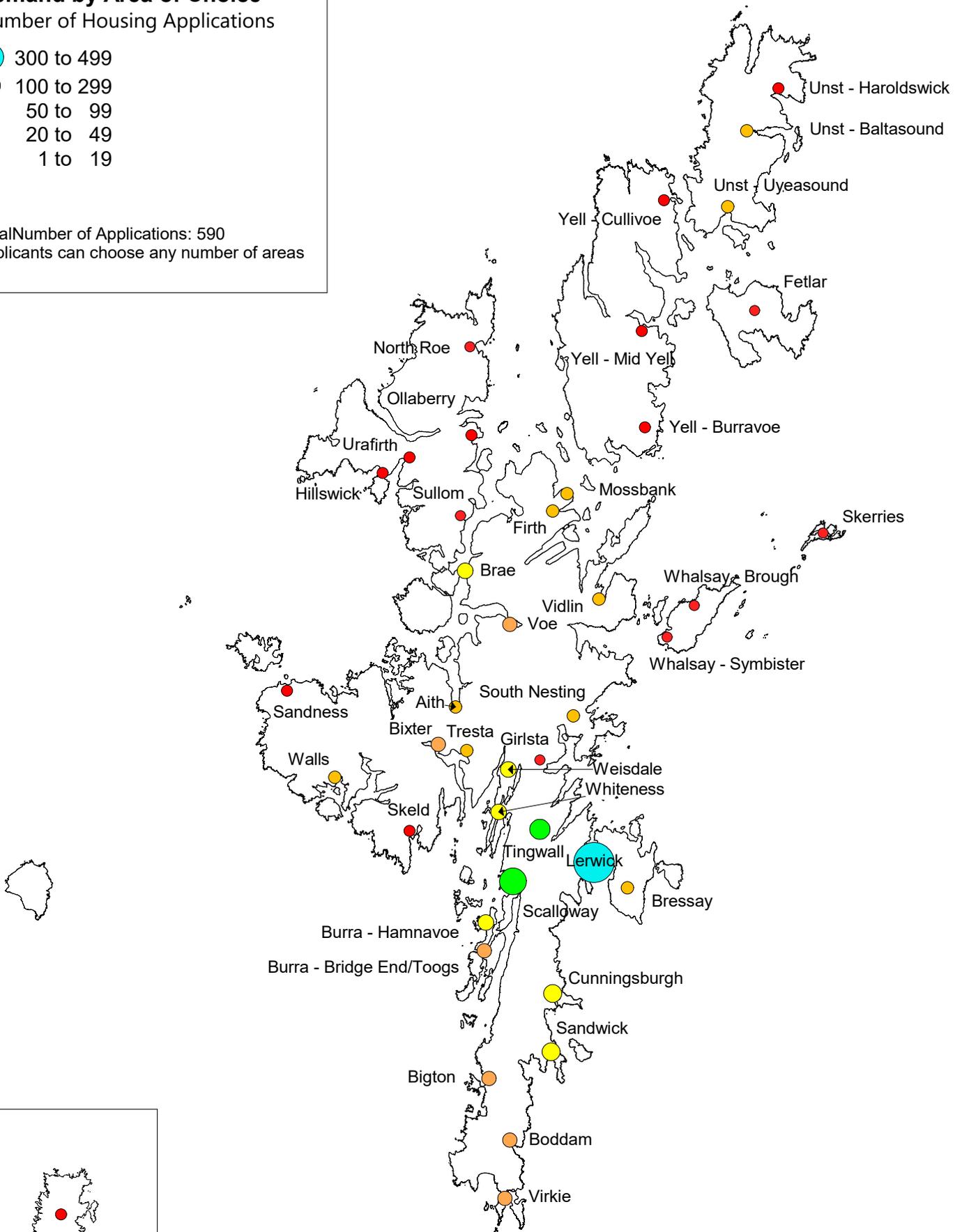
[Allocation Policy](#)
[Scottish Social Housing Charter](#)

Demand by Area of Choice

Number of Housing Applications

- 300 to 499
- 100 to 299
- 50 to 99
- 20 to 49
- 1 to 19

Total Number of Applications: 590
 Applicants can choose any number of areas



HOMELESSNESS – Briefing Paper – June 2018

The Housing service has a duty to provide a homeless service, in line with the Housing (Scotland) Act 1987, as amended by the Housing (Scotland) Act 2001 and the Homelessness etc (Scotland) Act 2003.

It is important to distinguish between ‘rough sleeping’ and ‘homelessness’. Whilst rough sleeping is very rare in Shetland, there are households being assessed in line with homeless legislation on a daily basis.

Someone is homeless if he or she has no accommodation which they are entitled or permitted to occupy. Someone with an entitled or permitted right to accommodation may also be considered homeless, where it would be deemed unreasonable to expect them to reside there; this would include properties below tolerable standard, or where continued occupation may lead to violence or harm.

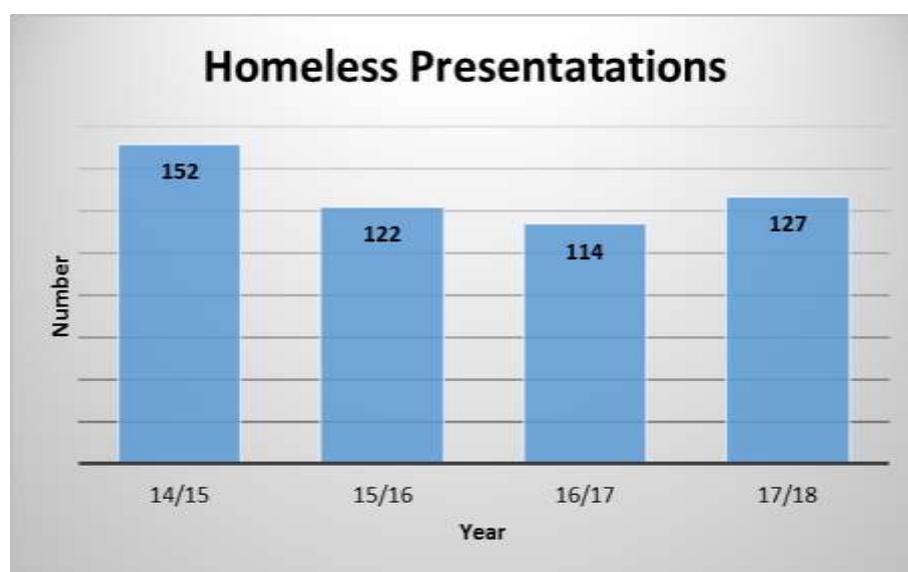


Table 1

Table 1 tracks the number of presentations over the last four years. Whilst there has been a small increase in 17/18, figures were comparable with 16/17 until the final quarter of this year, which saw a large number of homeless presentations.

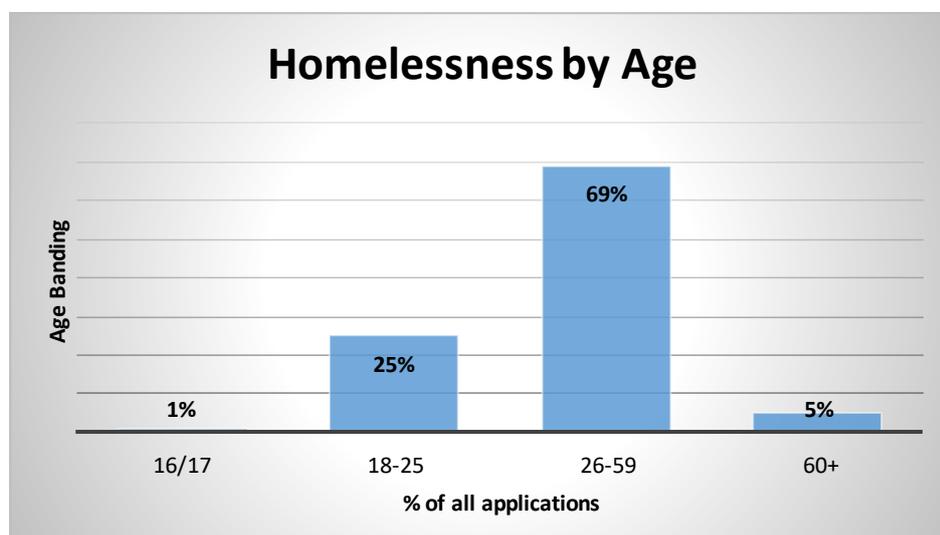


Table 2

Youth homelessness is also on the decrease, both in terms of volume, and as an overall percentage. In 2015/16, 43% of all homeless applications came from 16-25 year olds, decreasing to 36% in 2016/17, down to this year's figure of 26%. We continue to place emphasis on early intervention with a view to preventing homelessness.

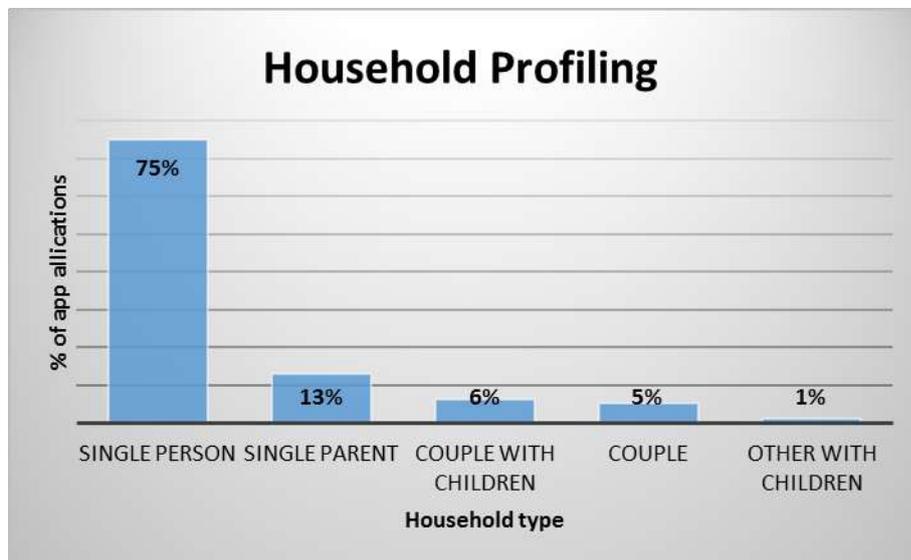


Table 3

We have a duty to provide permanent accommodation to all unintentionally homeless applicants. Table 3 provides a very strong indicator as to what size of accommodation is required to achieve this.

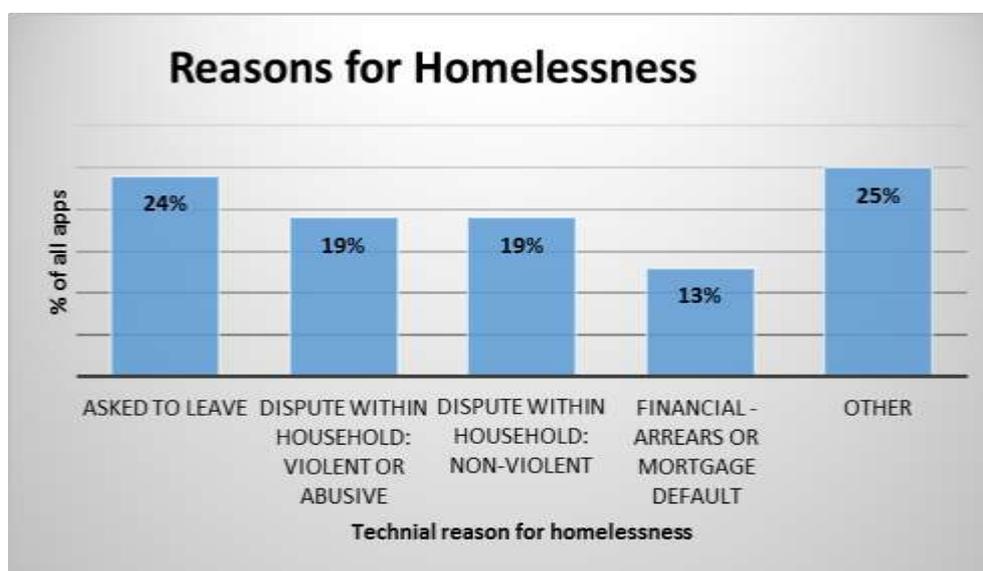


Table 4

Table 4

The information in table 4 reflects the situation across Scotland; relationship breakdown / asked to leave are the most common reasons for homelessness. We ensure, especially for our more vulnerable applicants, that we continue to provide appropriate referrals to agencies such as Shetland Women's Aid & Victim Support,

where required. 'Other' reasons include discharge from prison or hospital, emergency such as fire, landlord ending tenancy, loss of tied accommodation.