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Date: 24 September 2018

Dear Sir/Madam

You are invited to the following meeting:

**Development Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Monday 1 October 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.

## **ITEM**

1. Economic Development Strategy 2018-2022  
DV-33-18

### ***The following Item contains Exempt Information***

2. Business Loan Application  
DV-34



<b>Meeting:</b>	<b>Development Committee Policy and Resources Committee Shetland Islands Council</b>	<b>1 October 2018 8 October 2018 31 October 2018</b>
<b>Report Title:</b>	<b>Economic Development Strategy 2018-2022</b>	
<b>Reference Number:</b>	<b>DV-33-18-F</b>	
<b>Author / Job Title:</b>	<b>Business Development Project Manager</b>	

## **1.0 Decisions/Action Required:**

- 1.1 That the Development Committee RECOMMENDS to the Policy and Resources Committee approval of the Economic Development Strategy 2018-2022, and that the Policy and Resources Committee recommends that the Council ADOPTS the Economic Development Strategy, and agrees that it replaces the Economic Policy Statement within Part A of the Council's Constitution and Policy Framework, to be managed by the Development Committee.

## **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.
- 2.3 The Strategy was the subject of consultation with stakeholders during July/August 2018.

## **3.0 Corporate Priorities and Joint Working:**

- 3.1 The Strategy is in line with Our Plan 2016-2020, which states:

*"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.”*

The Strategy addresses the following key aims of the Plan:

#### Economy and Housing

- 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 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. The shared vision of the community planning partners, articulated in the Plan, is:

*“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”*

The Economic Development Strategy addresses all aspects of the Shetland Partnership Plan, but is particularly relevant to the Place priority:

*“Shetland is an attractive place to live, work study and invest.”*

- 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 The draft Strategy was submitted for consultation to a range of industry representatives, Council departments and other community planning partners during July/August 2018. Responses were received from Highlands and Islands Enterprise, SIC Community Planning & Development and SIC Planning, among others. This exercise resulted in a number of comments and amendments which have been reflected in the final draft, and which have improved the clarity and relevance of the strategy, and ensures alignment with the strategies of other services.
- 4.2 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. Upon approval of the Strategy, the service will begin an exercise to update existing schemes and develop terms of reference and conditions for new schemes.
- 4.3 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.

4.4	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.
4.5	As part of the consultation process the draft Strategy was submitted for Strategic Environmental Assessment (SEA) pre-screening. No concerns were raised from this 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.
<b>5.0 Exempt and/or Confidential Information:</b>	
5.1	None.
<b>6.0 Implications:</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Consultation with industry and other stakeholders has been a key aspect of developing the Strategy, and will be an ongoing action for the service to ensure strategic priorities remain up-to-date and relevant.
<b>6.2 Human Resources and Organisational Development:</b>	None identified.
<b>6.3 Equality, Diversity and Human Rights:</b>	An Equalities Impact Assessment has been carried out, and there were no issues identified.
<b>6.4 Legal:</b>	None identified.
<b>6.5 Finance:</b>	The proposed Economic Development Strategy will be delivered within approved service revenue budgets.
<b>6.6 Assets and Property:</b>	None identified.
<b>6.7 ICT and New Technologies:</b>	None identified.

<b>6.8 Environmental:</b>	A Strategic Environmental Assessment pre-screening notification was submitted to the SEA Gateway on 16 May 2018. No concerns were raised in response to this submission.	
<b>6.9 Risk Management:</b>	This document establishes a policy framework for the Economic Development Service and provides 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.	
<b>6.10 Policy and Delegated Authority:</b>	<p>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.</p> <p>The Economic Development Strategy [formerly the Economic Development Statement] is a specific plan contained within the Council's Policy Framework set out in the Council's constitution (Part A – 3(2)) to be prepared and performance managed by the Development Committee. Approving, adapting or amending any plan within the policy framework is reserved to the Council (Part A – 3(1)), taking advice from the Policy and Resources Committee, in accordance with Section 2.2.1 of the Council's Scheme of Administration and Delegations.</p>	
<b>6.11 Previously considered by:</b>	Development Committee	11 June 2018

#### **Contact Details:**

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08 September 2018

#### **Appendices:**

Appendix 1 – Economic Development Strategy 2018-2022  
Appendix 2 – Economic Development Strategy Action Plan

#### **Background Documents:**

[Development Committee – 11 June 2018](#)

END







# Shetland Islands Council

## Economic Development Strategy 2018-2022





# **SHETLAND ISLANDS COUNCIL**

## **ECONOMIC DEVELOPMENT STRATEGY**

### **2018-2022**

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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. The lack of available labour is a huge problem for achieving economic growth in Shetland, with some sectors—including construction, food and drink, healthcare and education—reporting considerable difficulties in recruiting staff, and many 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 includes:**



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.



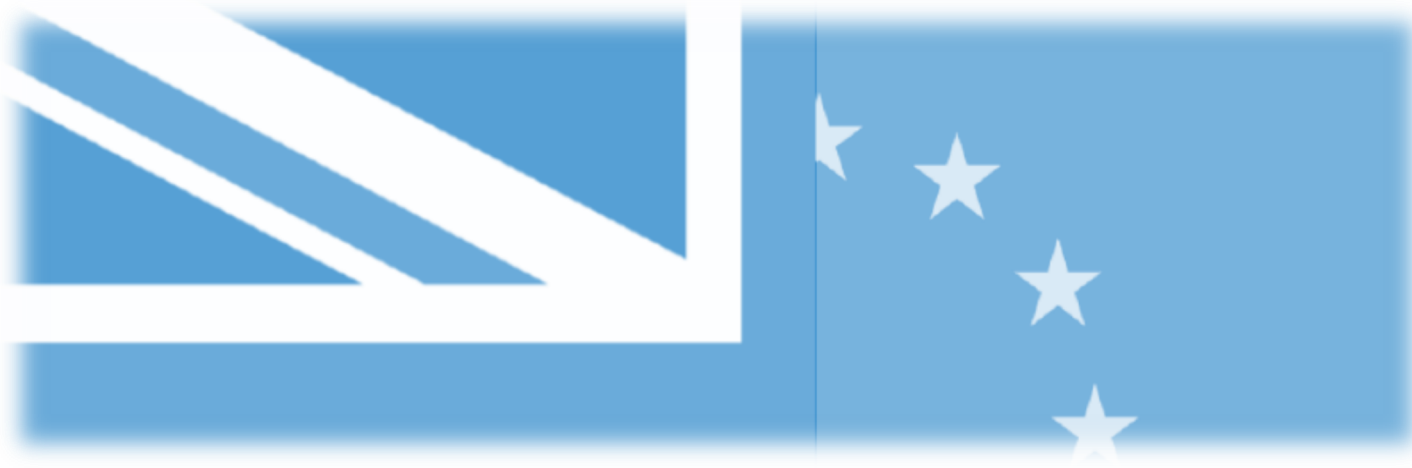
It is estimated that around 53% of households in Shetland are in fuel poverty, defined as spending 10% or more of household income on satisfactory heating.



There is a general lack of childcare services and facilities to enable parents to participate fully in the economy. At August 2018 the Care Inspectorate list only 13 registered childminders in the whole of Shetland.



# 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.

# Working in Partnership...

## ...with the rest of the Council

The work of the Economic Development Service is done in combination with other Council services within and outside of the Development Services Department. For example, a thriving economy depends on:

- Modern housing for resident and incoming workers
- Strong external and internal transport links
- Well-developed ports and harbour facilities
- High-speed broadband links
- A high standard of education and skills development services
- Support for active communities to engage in service improvement projects
- A well-researched and detailed Local Development Plan
- Access to modern leisure and cultural opportunities.

It is only by working together with other Council services that the Economic Development Service can be properly effective and achieve best value for Shetland, and we recognise that Council service improvements and infrastructure developments go hand-in-hand with sustainable economic growth.

## ...with our partners in government, industry, public service and beyond

Effective external partnerships will be essential to achieve the ambitions of the plan, particularly as public sector budgets continue to decline. Our key partners will be:

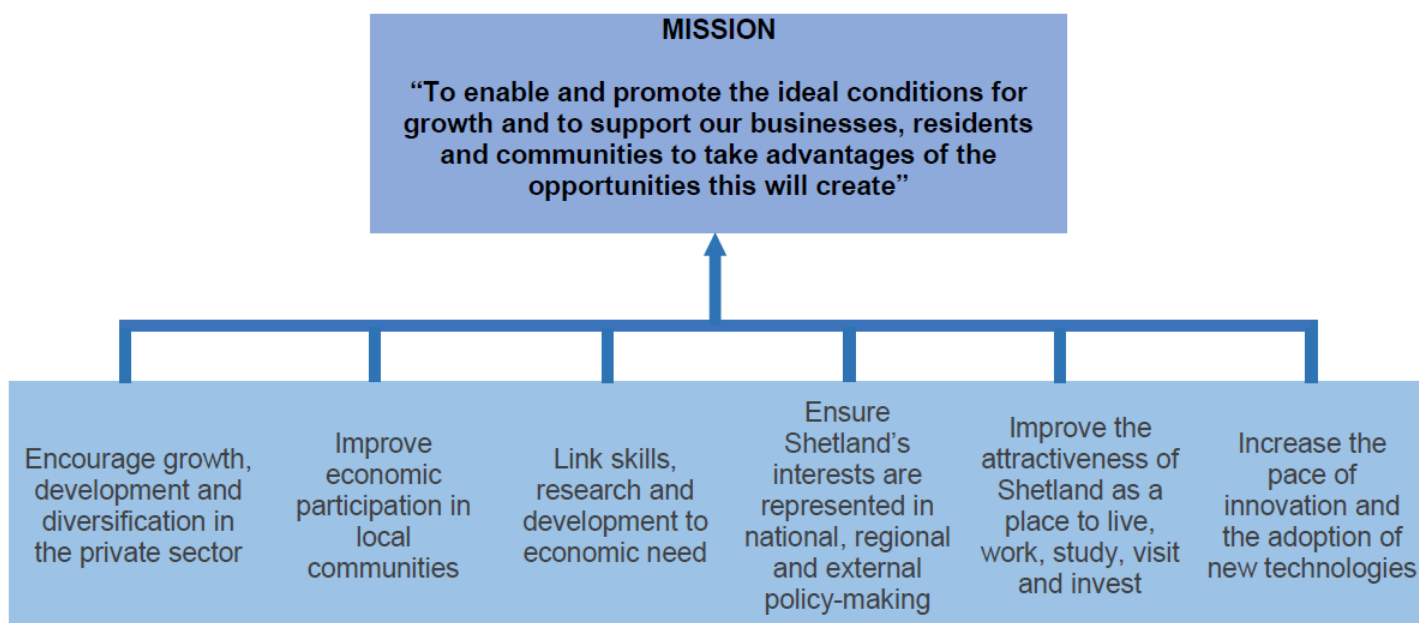
- Industry Trade Bodies and Groups
- Highlands and Islands Enterprise
- Skills Development Scotland
- University of the Highlands and Islands
- Islands Deal Partners and other local authorities
- Scottish Government
- Non-Government organisations such as the Scottish Futures Trust
- UK Government

## 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.



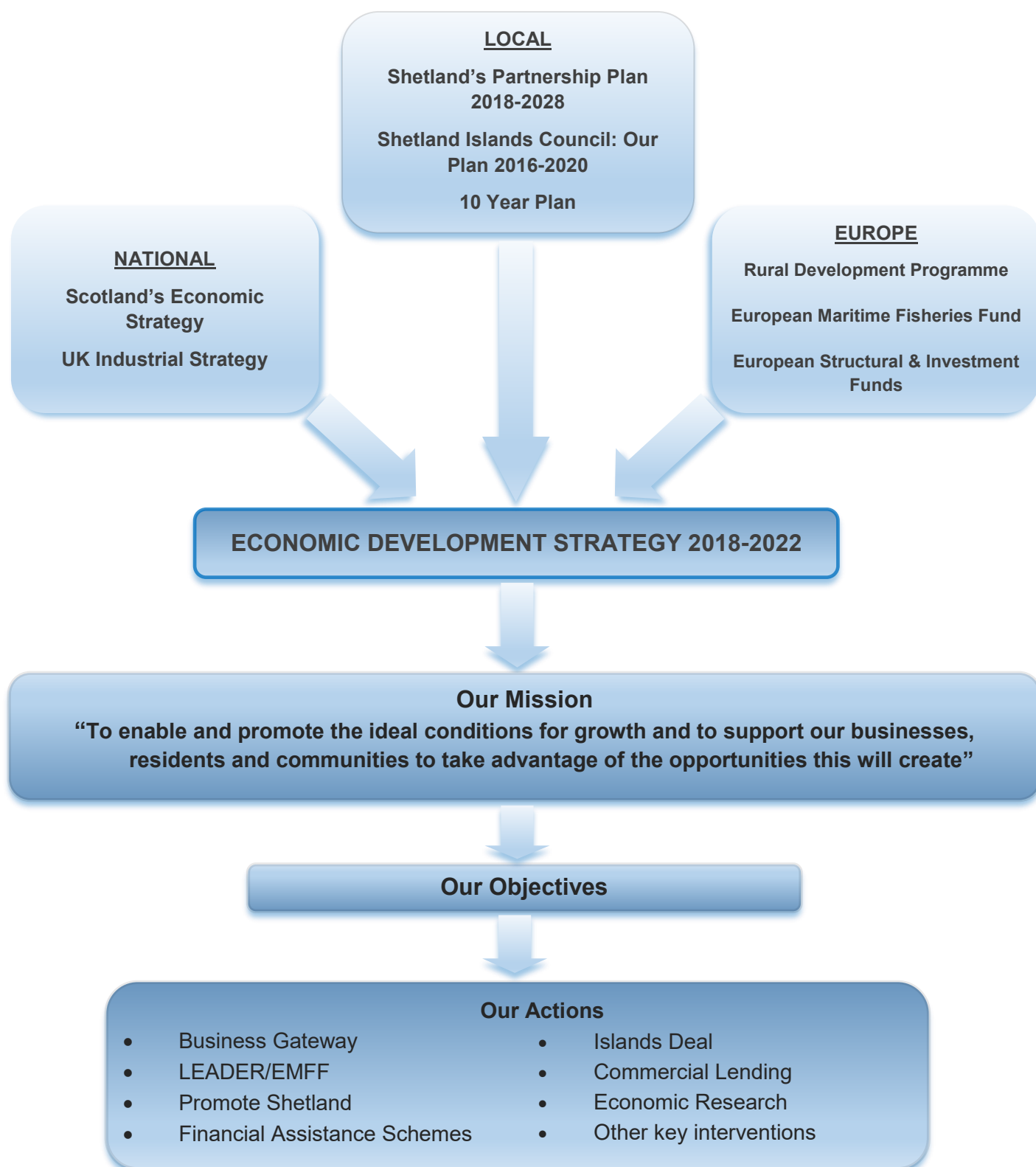
## Reporting

Performance against targets set out in the Action Plan will be reported on a quarterly basis to the Development Committee quarterly together with an Annual Progress report and suggested amendments to approach and measures. Similar updates will be reported to the Shetland Partnership Place Working Group.

## 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**

### **Why is this a priority?**

We need to broaden our economic base, provide work for more people and help to mitigate against further public sector cuts. We must encourage 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.

### **How will we achieve this?**

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
- Engage with the Local Development Plan process to ensure a range of suitable sites are identified to meet the requirements of business and industry





## Improve economic participation in communities

### Why is this a priority?

We must strengthen the economic resilience of communities across Shetland and reduce economic imbalances which affect remoter areas. 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.

### How will we achieve this?

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**

### **Why is this a priority?**

We need to 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.

### **How will we achieve this?**

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**

### **Why is this a priority?**

Shetland must participate fully in political debates on economic policy. 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.

### **How will we achieve this?**

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**

### **Why is this a priority?**

Attracting people to Shetland is at the heart of our economic future. We need more active people to fill existing and future vacancies, start businesses, bring new ideas and increase the working population. In order to grow our economy we must 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.

### **How will we achieve this?**

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
- Engage with the Local Development Plan process to ensure the opportunities identified around economic diversification are recognised and addressed by planning policies.



## **Increase the pace of innovation and the adoption of new technology**

### **Why is this a priority?**

We must encourage wealth generation and job creation through development in new technology, and ensure that Shetland businesses can lead on and exploit technological change. 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.

### **How will we achieve this?**

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"> <li>• Highlands &amp; Islands European Partnership</li> <li>• Highlands and Islands European Partnership Board</li> <li>• Highlands &amp; Islands Territorial Committee</li> <li>• Convention of Scottish Local Authorities</li> <li>• Scottish Local Authorities Economic Development Group</li> <li>• Highlands and Islands Skills Investment Plan Programme Board</li> </ul>	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 the number of people living in Shetland who are an active part of the local labour market	Organise a specific event/process to debate the measures required to attract more working people to Shetland as part of the Talent Attraction Strategy.	Devise a package of targeted measures with SMART outcomes that can be implemented by 2022.	Executive Manager – Economic Development	March 2019
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  Business Development Project Manager(s)	Annual
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