

Shetland Islands Council Economic Development Service



Economic Development Grant Scheme Guidelines

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1.0 Introduction

Shetland Islands Council is committed to improving the economic health and well-being of our community by encouraging innovation and diversity in the private sector, supporting local communities in their efforts to generate economic activity, and promoting the principles of inclusive growth and community wealth building. We aim to ensure that the growth of our economy meets local aspirations, provides opportunities for all, and is delivered in a sustainable manner in line with our commitments to a just transition to net zero.

To this end, the Council aims to stimulate local economic activity through the Economic Development Grant Scheme, by providing grant funding towards costs related to developing projects, where these projects deliver on key economic outcomes.

This document should be read as guidance only, and the Council retains sole discretion on what support it will enter into.

2.0 Who can apply?

Sole traders, partnerships, limited liability partnerships and limited companies can apply for grant funding to start up or grow businesses in Shetland. Businesses must meet the UK Government definition of a [small to medium sized enterprise \(SME\)](#) to qualify.

Voluntary and community organisations are eligible to apply to fund development projects which can demonstrate economic benefits to the local community. Such organisations must be Shetland-based with an open constitution or similar set of rules that clearly define the organisation's aims, objectives and procedures

Applications should be from a ZE postcode region. However, applications from outwith Shetland may be considered if the project can demonstrate viable inward investment potential.

3.0 What funding is available?

This scheme offers a discretionary grant of up to 50% of eligible costs, with a minimum grant level of £1,000 up to a maximum grant of £25,000.

Any funding provided will be the minimum required for the project to proceed. All applicants are required to maximise other private and public sector forms of funding before approaching the Council. The Council can assist applicants to identify other funding sources where practical.

Further information on public sector support for businesses in Scotland can be found at [Find Business Support](#).

4.0 What projects can be assisted?

The Council aims to support projects which can demonstrate delivery of one or more of the following key outcomes:

- Introduce new business activity:
 - Projects which develop business activity new to Shetland, including new products, services or operations which capitalise on opportunities, expand market reach or diversify business operations;
- Improved product quality:
 - Implementation of new processes and techniques, or investment in equipment and infrastructure, to generate improvements in product quality which maintain competitiveness and maintain Shetland's reputation as a source of high quality goods;
- Sustainable use of resources:
 - Business and commercial development projects which result in environmental improvements through using resources more sustainably, adopting circular economy principles and developing new technology and processes supporting the transition to net zero;
- Import substitution:
 - Investments which improve local self-sufficiency and resilience by reducing reliance on products and services imported into Shetland;
- New market development:
 - Projects which expand distribution and marketing channels for existing products and services into new and untapped market segments;
- Improved productivity
 - Introducing new or improved manufacturing processes, innovative technologies, or other improvements – e.g. workforce development – to enhance efficiencies, generate greater output levels and improve profitability;
- Improved service delivery:
 - Enhancing the experience of service users by investment in new processes, systems and technologies which improve customer interactions.

The positive effect of each application will be assessed thoroughly on a case-by-case basis, with a particular focus on the intended business sector and the impact it intends to pursue.

The scheme can consider both capital and revenue costs. Funds from this scheme can be used towards costs including, but not limited to:

- Buildings (this may include construction costs, upgrades/improvements and associated professional fees)
- New equipment
- Professional fees (e.g. consultancy costs, architecture)
- Consents, permissions
- Salary costs
- Volunteer expenses
- Non recoverable VAT

5.0. Ineligible Projects

This section lists projects and/or costs which will not be considered eligible for grant support under the Economic Development Grant Scheme. Decisions on whether projects are deemed ineligible, in whole or in part, will be made by the Executive Manager – Economic Development and will be considered final.

- Projects which result in displacement or duplication of existing activity in the local marketplace, and/or are considered to be to the detriment of existing local businesses, organisations or projects will not be considered for assistance.
- Projects which cannot demonstrate links to the scheme outcomes will not be considered for assistance.
- Businesses and organisations must be able to demonstrate a reasonable degree of financial health. Businesses which are deemed to be failing will not be eligible for assistance, nor will projects which function as rescue packages be considered;
 - Where it is considered necessary for due diligence purposes, the Council reserves the right to conduct checks on businesses and individuals applying for funding using an external credit checking agency.
- In general, retail projects solely serving the local market will not be considered for assistance – exceptions may include where there is a retail element to a manufacturing development.
- Development of visitor accommodation facilities (specifically self-catering, bed and breakfast, guest houses and hotels) will not be considered for assistance. Projects developing other visitor accommodation (such as caravan parks and campsites) may be considered where there is demonstrable local need.
- Projects which relate to healthcare procedures, physical therapy, beauty procedures and/or cosmetic personal procedures will not be eligible for assistance;
- Projects which are eligible for other Council grant schemes will not be considered for assistance under this scheme. The exception to this is projects taken forward by community groups and social enterprises which may be eligible for both the Economic Development Grant Scheme and the [Coastal Communities Fund](#).
- Projects which intrinsically have the potential to bring the Council into disrepute or cause harm to the reputation of Shetland will not be considered.
- Under the terms of the UK Subsidy Control Act 2022, any project which does not meet the criteria of the scheme or would otherwise be in contravention of prevailing legislation governing subsidies will not be considered for support.
- Businesses and organisations may be awarded funding towards elements of project costs which are a statutory requirement. However, projects which are being taken forward solely to meet statutory requirements will not be considered for assistance.

The Council will have sole discretion with regard to which costs are considered eligible for grant funding under the Economic Development Grant Scheme. Ineligible costs include, but are not limited to:

- Core running costs
- Continuation of ongoing revenue projects
- Purchase of land and buildings
- Political or religious activities
- Loan repayments, service charges arising on finance leases, hire purchase, and credit arrangements
- In-kind costs and contributions

- Repair and maintenance
- Securing intellectual property rights, i.e. patents and copyright
- Property redecoration
- Legal fees
- Wage subsidy
- Vehicles
- Direct replacement of existing assets
- Acquisition of an existing business, or a management buy out/in
- Any other costs deemed ineligible by the Council

The Council (acting reasonably) retains discretion to refuse any application, or to deem any aspect of project costs ineligible, for any reason.

6.0 Grant Terms

Any grant offered to an applicant by the Council will be subject to acceptance of appropriate terms and conditions as determined by the Council at its sole discretion. The grant offer will detail conditions to be met prior to any grant release and those conditions will apply for 6 years (or such other period of time as the Council may deem appropriate).

Applicants must not commence work on their project, or commit to any of the costs prior to receiving a formal offer of grant from the Council - any costs incurred or committed to before a formal offer of grant is received will be deemed ineligible for Council grant funding.

Applicants are expected to fund a proportion of project costs from sources other than the Council. The scheme will fund up to 50% of eligible costs within a project, and applicants must demonstrate the source of remaining funds required for their project. It is expected that private business applicants will commit not less than 25% of their own funds to the funding package for a project.

In general, businesses, individuals and organisations may only receive one financial assistance grant under this scheme in any 12-month period. However, the Council may exercise discretion in this regard in exceptional circumstances.

Businesses should support fair work practices including no inappropriate use of zero hour contracts or exploitative working patterns. At a minimum, employers must follow [ACAS codes of practice](#) relating to standards of fairness in the workplace.

Businesses should provide information relating to what steps they are taking to reduce carbon emissions and engage with [the transition to net zero](#).

7.0 How to Apply

In the first instance, applicants should make contact with the Council's Economic Development Service to discuss their development project - applicants may wish to use the [scheme enquiry form](#) to provide a summary of their project. At an early stage, officers will identify if an applicant requires, or would benefit from, any other business support including the services offered by Business Gateway.

Once Council staff are satisfied in principle that the project will meet the eligibility criteria for grant support, the applicant will be invited to submit a full grant application form. This details all information and documentation required for a decision to be made. Within the form, applicants are requested to detail the benefits and impacts the development will bring to the local economy and the fit of the project to the necessary priorities.

The extent of supplemental information required to support an application will depend on to the complexity of the project being undertaken and the level of grant requested. Supporting evidence may include any or all of the following:

- Business plan or project plan
- Quotes or tenders for project costs
- Up to 3 years annual accounts
- Most recent bank statement
- Governance document
- Protection of Vulnerable Groups policies and procedures
- Job profile and person specification (revenue projects)
- Evidence of rights to land or facility (capital projects)
- Permissions and statutory consents required
- Match funding sources (including own funds)
- Any other appropriate information as requested

Officers will advise, on a project-by-project basis, what supporting evidence will be required through the application process.

Business Plan

For higher value applications, defined as grant requests over £10,000, the Council will normally request a business plan to accompany the application. Business planning advice can be provided to applicants through the local [Business Gateway service](#), if required.

A full business plan should include the following information:

- Business background
- Overview of the business sector
- Company/organisational structure
- Management structure
- Description of the development project
- Benefits of the project to the business
- Details of current and proposed employment
- Analysis of the market in which the business operates
- Details of current/potential competition
- Risk assessment
- Project costs – including both proposed capital and revenue expenditure
- Project timescales

The business plan must be supported by financial projections for a minimum of 3 years. This will include profit and loss accounts, and cashflow statements. The cashflow forecasts should be prepared on a monthly basis and projections should be accompanied by detailed assumptions in relation to statements made in the application.

Note that existing businesses will be asked to supply year-end accounts for the previous 3 years. Management accounts may also be requested along with other information required in the assessment process, for example, asset lists, details of key contracts, licences held, sales terms and conditions, etc.

8.0 Decision Making Process

On receipt of an application, a due-diligence exercise will be conducted to evaluate the viability of the proposal and the intended contribution to the local economy. Council staff will provide advice and feedback on the potential success of an application against scheme criteria before progressing further. Following this exercise, proposals will be assessed and recommended for decision.

The Council will make a decision on the outcome of any application received when it is satisfied that the applicant has provided all information requested in connection with the project requested. An indication of the timescale for a decision will be provided at an early stage in the application process.

A final decision will be taken by the Executive Manager – Economic Development:

- In the event of a successful application, the Council will issue a grant offer letter to the applicant which will detail the conditions relating to the offer. This must be read carefully, signed by an authorised signatory, and returned before the grant agreement is complete;
- In the event of an unsuccessful application, the reason for the decision will be communicated in writing to the applicant. No appeals process will be entered into in the event of an application rejection.

If an applicant is dissatisfied with how their application has been handled during this process, the Council's complaints procedure should be followed:

[Shetland Islands Council Complaints Procedure](#)

9.0 Monitoring

Grants are monitored to ensure that recipients of funding meet the requirements and conditions of the Council. As part of the monitoring of all investments, Council staff will carry out an annual monitoring review.

All successful applications to this scheme are expected to demonstrate an open approach and transparency with Council staff throughout the application process and the period of the grant conditions.

Any grant award is conditional on adherence to specific conditions and any breach of these may result in measures including repayment of grant funds in whole or part.

10.0 Applicable Legislation

Applicants must be aware that the following non-exhaustive pieces of UK and Scottish legislation applies to any and all information provided to the Council within the application form or accompanying documents:

[Subsidy Control Act 2022](#)

The Subsidy Control Act 2022 came into force on 04 January 2023 and conferred a duty on all public authorities to ensure that any grant funding provided is consistent with the principles of subsidy control and follows requirements for transparency.

In general terms, a "subsidy" is: (1) any financial assistance given from public resources; (2) which confers an economic advantage to one or more enterprises; (3) benefitting them over other enterprises; and (4) which is capable of distorting competition. Under the Subsidy Control Act 2022 that potential impact on competition can be wholly within the UK.

Any grant awarded under the Economic Development Grant Scheme must be consistent with Council's responsibilities under the prevailing legislation.

For further information on Subsidy Control, guidance on subsidies for beneficiaries can be found [here](#).

Data Protection 2018

Shetland Islands Council is registered under the Data Protection Act 2018. Any personal information provided by you in this form will be used solely by the Council in connection with your application for grant assistance.

Local Government (Scotland) Act 1973

It is normal practice for reports on applications for grant assistance to be considered in private due to the exempt content including personal and financial detail. However, some information provided in the application form and in the supporting submissions may be made public in reports to the Council or any of its relevant Committees if the Council Members so decide. This may be done without your prior approval. The Council may also make details of any approval public through local press releases and reporting to elected members.

Freedom of Information (Scotland) Act 2002

Any information you provide with your application may be released into the public domain under the 2002 Act. If there is any information contained in the application form or supporting documentation which you do not wish to be publicised, you must disclose this at the time of application. Any requests for disclosure of such information may be discussed with you, however, it cannot be guaranteed that information will be kept confidential. The Council is required to form an independent judgement as to whether information is exempt from disclosure. Accordingly, the Council cannot guarantee that any information identified as confidential or commercially sensitive will not be disclosed. The Council cannot accept any liability for loss as a result of any information disclosed in response to a request under the 2002 Act.

Business Gateway Privacy Policy (2018)

Business Gateway is a publicly funded service contributing to the economic well-being of Scotland by providing access to free business advice & support services.

The service is delivered by Local Government in Scotland, which includes:

- Convention of Scottish Local Authorities (COSLA), Verity House, 19 Haymarket Yards, Edinburgh EH12 5BH
- Scottish Local Authorities – including Shetland Islands Council
- Contractors who deliver services or process data on behalf of Local Government in Scotland

The [Business Gateway Privacy Policy](#) explains how COSLA, Scottish Local Authorities, and contractors who deliver services on our behalf and use your personal information in relation to Business Gateway services.

We also work closely with partner organisations who deliver business support and economic development activities in Scotland, which includes Highlands and Islands Enterprise and Skills Development Scotland. Partner organisations provide their own privacy notices which explain how they use your personal information.