

SHETLAND LEADER 2007 - 2013 LAG

MINUTES OF LAG MEETING HELD IN EDU BOARDROOM AT 9.30PM ON THURSDAY 15th NOVEMBER 2012.

Present: Douglas Irvine, SIC - Chair
David Cormack, SGRPID
Jeemie Smith, FSB
Jennifer Mouat, SSMO
Juan Brown, SNH
Mark Georgeson, HIE Shetland (Proxy for Mhari Pottinger)
Michael Duncan, SIC
Pete Glanville, Shetland Organics
Raymond Mainland, SAT (Proxy for Alan Blain)
Ruth Henderson, Seafood Shetland
Sally Spence, SIC
Wendy Hand, VAS
Diana Abernethy, AB Associates Ltd

Sheila Tulloch, SIC – LAG Co-ordinator

1. Apologies and Introduction

Apologies were received from; Mhari Pottinger, HIE; Alan Blain, SAT; Mick Clifton, SIC; Kathleen Sinclair, NFU and Maree Hay, NCDC.

Douglas welcomed Juan Brown and Raymond Mainland to the group.

2. Membership Balance

Membership of the group was discussed and there was an appropriate balance.

3. Declarations of Interest

CVG 101 – SAT – Enviroglass Business Development

Raymond Mainland declared an interest.

CVG 074/007 – Shetland Events and Festivals Grant Scheme – Living Lerwick Limited

Ruth Henderson and Jennifer Mouat declared an involvement as their offices are located within the Living Lerwick project area. SIC staff declared an involvement as the applicant for the umbrella scheme is Shetland Islands Council Economic Development Unit. The LAG felt it was unnecessary for them to leave the room whilst discussions took place. Discussion would refer to the individual project under the umbrella scheme not the overall LEADER application.

4. Minutes of 20th September 2012

The minutes were proposed by Jeemie Smith and seconded by David Cormack.

5. Matters Arising – not dealt with elsewhere

Douglas explained he had not yet spoken to Kathy Hubbard regarding Shetland Arts LAG membership but he would do so before the next meeting.

6. Latest Updates

Sheila explained the latest updates provided to the LAG and discussed progress on several projects. Four recently approved projects have not had offer letters issued yet as final costs are required. Spend figures to date have been updated and reflect final claim payments for two projects. Funding may have to be withdrawn from two projects that have yet to claim, this will be discussed under item 9.

The expenditure profile sheet shows that a small amount of LEADER budget, £12,121 remains. The remaining Convergence budget currently stands at £242,256. The level of uncommitted budget has been discussed with Scottish Government staff. They were concerned that this may also be a problem with other LAGs and could result in Convergence funds not being fully spent. They have indicated they will contact other groups to see if they are having difficulty committing their Convergence budgets and if so, whether they can help LAGs in any way. Convergence funds have to be matched with other public sector funding. It is becoming increasingly difficult for projects to seek and secure public sector funding due to the current economic climate.

Spend is being incurred across all budgets; however it is happening slower than expected.

Outputs were discussed briefly. Based on the data recorded the LAG is well on the way to meeting most of its targets.

Sheila explained a Scottish Government monitoring visit had taken place and would be discussed under item 11.

7. Potential Projects

CVG 102 – Pocket Circus Shetland

The applicant, Glasgow based Pocket Circus, was seeking £2,000 or 15% of total project costs of £12,834 to assist the local circus group Notions and other young people through a year long development programme to help train facilitators and seed new community groups.

It was queried why the application had not come from the local group. It was felt they do not have the ability to seek and manage funding at the moment but part of the project would be to increase the capacity of the group. The funding package being sought was questioned; where were the “Own Funds” of £855 coming from?

The LAG felt it would be useful to see a breakdown of costs to show what would be funded.

The LAG would like to see more information on how the local group would be involved. The LAG felt the project could have worthwhile benefits for local participants involved but the potential project form lacked this information.

The LAG decided not to allow the project to proceed to a stage two application but to resubmit a stage one application with more detail on the proposed funding package and breakdown of costs. The involvement of the local group should be clarified. The LAG would like to see the local group involved from the project development stage.

CVG 103 – National Theatre of Scotland - Ignition

The National Theatre of Scotland (NTOS) was seeking £30,000 of LEADER funding or 13% of overall costs of £221,049 to develop Ignition, an ambitious co-production led by NTOS and supported by Shetland Arts Development Agency. It is a cultural project that will culminate in a series of performances in March 2013.

The LAG had several concerns regarding the project. Firstly, the project appeared to have started already and the project form stated the project could go ahead without LEADER funding. This raised serious additionality problems from a LEADER point of view. Secondly, it was unclear how LEADER funds would actually be used and why the funding was required. Thirdly, targets and outputs, in particular, turnover were queried.

The LAG decided to reject the application due to the issues raised above.

8. Projects for decision

CVG – 101 – Shetland Amenity Trust (SAT) – Enviroglass Business Development

Raymond Mainland left the room.

Enviroglass are requesting £70,000 or 36% of total project costs to develop its business. The aims of the project are to increase efficiency, semi-automate precast production, focus on added value product development and develop a strong local market. The funding would be spent mostly on equipment and installation costs.

The application had been submitted with a robust business plan as requested by the LAG. The current process is very manual; moving towards automated production will increase efficiency as well as production. The project will reduce paver unit production time by 80%. Precast production will increase by 500%. Enviroglass currently runs at a loss and this project will safeguard the future of the operation by making it self sufficient. Profits will be re-

invested back into the business which will lead to more capacity and efficiency.

Match funding was queried. Applications are well underway to the other match funding sources and it is hoped they will have positive outcomes.

The LAG discussed the application against the set criteria of Innovation, Value for Money, Reasonableness of Cost and Additionality. The project is seen to be innovative as it not only provides a local solution for glass recycling but will enable the applicant to develop value added products and new markets.

The project represents value for money and an efficient use of LEADER funds as it will reduce costs, increase productivity and allow the applicant to access new markets, becoming self sustaining. It also provides a cost effective recycling route for the local authority. If there is no local recycling point, waste glass has to be separated by grade or colour and shipped south at a considerable cost to the Shetland Islands Council. The savings to the local authority as a result of not shipping waste glass is around £130,000 annually.

Reasonableness of cost has been assessed. Three quotations will be sought for each individual budget heading.

Additionality was discussed. The high capital cost of this project means Shetland Amenity Trust requires outside funding to take it forward. LEADER funding is required to help secure other public funding sources.

The LAG felt this was an extremely worthwhile project. Potential exists for the company to meet demand but significant investment is required to increase productivity. It was recommended that Enviroglass should investigate protecting its Intellectual Property.

The LAG decided to approve the project. See attached voting record.

Raymond Mainland entered the room.

CVG 074/007 – Shetland Events and Festivals Grant Scheme – Living Lerwick Limited

This application was presented to the LAG as part of the Shetland Events and Festivals Grant Scheme.

The applicant, Living Lerwick Limited was seeking £5,000 or 21.7% of overall projects costs of £23,019 for a Lerwick Winter Festival. The project aims to celebrate Shetland culture and heritage and showcase Shetland products and produce.

The LAG discussed this project against the set criteria of Innovation, Value for Money, Reasonableness of Cost and Additionality and raised a number of concerns.

It was felt the project lacked innovation as the project could be undertaken by local companies as part of their annual Christmas marketing and should not require public funding. The local craft fair which took place recently provides a showcase for producers and receives no public funding. The application stated an innovative element was the purchase of market stalls that can be used at other times in the year. It was queried whether existing stalls that had been used for other festivals could be used. The type of stalls required for this project will have to be dismantled daily therefore stalls used for other festivals such as the Tall Ships and Flavour of Shetland would not be suitable as they can not be dismantled and transported easily.

Value for money was discussed. The bulk of funding being sought does relate to the market stalls that can be used for other events. The form lacked enough detail for the LAG to comment on value for money in any more detail.

Reasonableness of cost was discussed and it was noted that competitive quotations for the project had not been supplied.

It was noted the event had already been publicised and some elements of the project had taken place already. The LAG felt that due to this the project lacked additionality.

The LAG decided to reject the project based on the points mentioned above. See attached voting record.

9. Possible withdrawal of funding offer

Sheila explained the LAG must decide whether to withdraw funding from two approved projects. Both projects have failed to present any claims and both have now passed their final claim dates.

CVG 073 Shetland Telecomm – Next Gen Fetlar

The LAG approved £50,000 toward this project on 10th March 2011. No funding had been claimed. The applicant had been contacted several times for requests for information and had failed to reply. The final claim should have been made by 1st March 2012. Douglas explained the background to the project. Funding had been awarded for a pilot project to build a backhaul network between Fetlar and Lerwick to increase the bandwidth and availability of wireless broadband in Fetlar. Three masts would link Fetlar to the digital exchange at Lystina. If the project was successful it was hoped improved broadband could be made available to other rural communities. He explained that the project is moving forward but slower than originally expected. It was queried what may happen to the project if LEADER funding is withdrawn, it is possible that the project could continue but there would be further delays.

The LAG decided the project was still worthwhile and wished to continue to support it. The LAG decided to withdraw the original offer of funding and invite the applicant to resubmit a stage two application for the project with updated details.

LDR 084 – You Choose – Youth Participatory Budgeting

The LAG approved £4,100 toward this project on 25th August 2011. No funding had been claimed. The applicant had been contacted several times for requests for information and had failed to reply. The final claim should have been made by 1st June 2012. The Participatory Budgeting project was designed to empower young people to play a key role in deciding how public money should be spent on projects to meet local needs. The LAG believes the project has already taken place. As a result of this and the lack of communication from the applicant the LAG decided to withdraw its offer of funding.

10. CVG 093 – South Nesting Public Hall – New Facilities, Refurbishment and Extension

South Nesting Public Hall (SNPH) was unsuccessful with its application to Shetland Islands Council (SIC) for match funding for its project. On 9th August 2012 the LAG awarded Convergence funding of a maximum of £87,210.54 or 45% to the project. This amount must be matched by other public funding. The LAG expressed disappointment that the project had not been awarded funding from the SIC. SNPH is a very proactive group who had worked hard to develop their project to its current stage by investing a lot of time and money. The applicant is now considering ways of moving forward including phasing the project and seeking alternative funding.

Mark Georgeson confirmed an application was being made to HIE Shetland although the project was not located in a HIE fragile area.

SNPH had requested the LAG hold their allocation of Convergence funding available until they can find alternative ways of moving forward. The LAG were happy to do so.

11. AOB

Scottish Government Monitoring Visit

Sheila provided feedback from a Scottish Government Monitoring Visit that had taken place recently. The visit was a follow up from an earlier one in February 2012 when the Shetland LAG was awarded a Red Risk Assessment. The purpose of the visit was to confirm that measures designed to improve systems of control and processes had been put in place. This visit was undertaken by a different team.

Project files that had been examined in February were re-examined during this visit including all Lead Partner projects as well as three new projects;

Parent Link Shetland, Fetlar Green Transport and Cunningsburgh Showfield Development.

The inspection of re-examined project files found that that most of the recommendations had been actioned, although there are some outstanding issues that have yet to be resolved. Regarding the three new files inspected officers were happy that the recommendations and processes suggested previously had been adopted and implemented by the LAG.

Douglas thanked Sheila for all her hard work in bringing LAG procedures up to date with current LEADER guidelines.

2013 Meeting Dates

Meeting dates were circulated.

12. Date of next meeting/closure

17th January 2013 EDU Boardroom.

Meeting closed at 10.45 am.