

## **SHETLAND LEADER 2007 - 2013 LAG**

### **MINUTES OF LAG MEETING HELD IN EDU BOARDROOM AT 9.30PM ON THURSDAY 20<sup>th</sup> SEPTEMBER 2012.**

Present: Douglas Irvine, SIC - Chair  
Mhari Pottinger, HIE Shetland – Vice Chair  
Pete Glanville, Shetland Organics  
David Cormack, SGRPID  
Kathleen Sinclair, NFU  
Tommy Coutts, SIC  
Sally Spence, SIC  
Michael Duncan, SIC  
Jeemie Smith, FSB  
Wendy Hand, VAS  
Diana Abernethy, AB Associates Ltd  
Sheila Tulloch, SIC – LAG Co-ordinator

#### **1. Apologies and Introduction**

Apologies were received from Ruth Henderson, Seafood Shetland; Kathy Hubbard, Shetland Arts; Alan Blain, SAT; Maree Hay, NCDC; Jennifer Mouat, SSMO and Mick Clifton, SIC.

#### **2. Membership Balance**

Membership of the group was discussed. There were eleven LAG members present however there was not an equal public/private ratio. The LAG decided if a vote was required one public sector member would abstain and there would be an appropriate balance.

#### **3. Declarations of Interest**

##### **CEEP (Community Energy Efficiency Programme)**

Michael Duncan declared an involvement with the project as SIC project officer for the umbrella scheme; the LAG felt it was unnecessary for him or any other member of the SIC to leave the room whilst discussions took place. Discussion would refer to individual beneficiaries under the umbrella scheme not the overall LEADER application.

#### **4. Minutes of 9<sup>th</sup> August 2012**

Two amendments were proposed to the draft minutes. Firstly the addition of the word "LEADER" in section 8 on page 3. Secondly, with reference to project 097, an application has not yet been submitted therefore this sentence should be changed to "an application is underway and is likely to be submitted to the SIC next year" to reflect this.

The minutes were proposed subject to these changes by Pete Glanville and seconded by Tommy Coutts.

## **5. Matters Arising – not dealt with elsewhere**

There were no matters arising.

## **6. Latest Updates**

Sheila explained the latest updates provided to the LAG and discussed progress on a number of projects. Some of the recently approved projects have not had offer letters issued yet, this is because projects are required to have all match funding in place as well as confirmation of tenders prices if appropriate.

Several projects have not claimed and are past their final claim dates. These projects are all being followed up by letter.

A number of projects are likely to underspend. CVG 052 - Heritage Tourism Development Scheme has decided not to claim any further funding. This umbrella project was approved in 2009 and has had to spend a lot of extra time trying to comply with the complex new rules, as a result of this the applicant has decided to submit no further claims. LDR 084 - You Choose – Youth Participatory Budgeting Project has yet to claim any funding. The project has taken place, however the applicant has not responded to several requests for information. The date the final claim must be made by has now passed. Funding is likely to be withdrawn by the end of this month if no information is received.

Sheila explained a Scottish Government monitoring visit would take place shortly.

## **7. CEEP (Community Energy Efficiency Programme)**

Sheila referred to project CVG 076 from Shetland Islands Council Education and Social Care – Community Energy Efficiency Programme (CEEP). This was an umbrella project approved in March 2011. The latest guidance states that LAG's must not delegate any responsibility. Projects have been approved by delegated authority under this scheme therefore the LAG have decided future projects should now be presented to a LAG meeting for approval.

The LAG considered 7 applications; 5 were retrospective applications and 2 were current. The LAG discussed all applications and were happy with their content. One query was raised about the use of the word replace. It was clarified that the wording was misleading and there was no like for like replacement of items, and that items being funded were energy efficient. The LAG were happy to approve all 7 projects with the condition that wording was altered to reflect this. The following projects were approved;

- 076/005 Ness Boating Club – New shelter and internal improvements – awarded LEADER funding of £14,259 or 37.5% of total project costs of £38,026.
- 076/009 Levenwick Community Hall – Improvements to hall – awarded LEADER funding of £13,143 or 37.5% of total project costs of £35,049.

- 076/011 Sellafirth Public Hall – Upgrade of hall – awarded £1,369 or 37.5% of total project costs of £3,652.
- 076/018 Aith Public Hall – Energy efficiency improvements to hall – awarded £10,832 or 35.7% of total project costs of £28,886.
- 076/021 Brae Public Hall – Improvements to hall – awarded £3,409 or 37.5% of total project costs of £9092.
- 076/025 Symbister Public Hall – Improvements to hall - awarded £20,000 or 35.7% of overall total project costs of £55,920.
- 076/029 Whalsay Golf Club – Improvements to club – awarded £3,661 or 35.7% of total project costs of £9,765.

The offer letter was discussed. In order to keep the process as simple as possible, it was agreed one offer letter covering combined elements of the CEEP grant (SIC and LEADER), signed by a representative of the SIC, would be sent to applicants. A sentence will be added to this letter to show the LAG has approved the project.

Future projects were discussed. It was agreed projects can be circulated to LAG members via email for approval. LAG members must reply within seven days to indicate whether they are in favour of a project or not. If no reply is received it will be assumed they are in favour of the project. Projects will still have to be presented to a full LAG meeting for discussion.

The end date of the overall project was discussed. The approved project has a final claim date of end June 2013. An extension was requested as some groups are having difficulty getting quotes from builders or finding builders able to undertake work within the current timescale. The LAG were happy for this to be changed to 31<sup>st</sup> December 2013, no increase in funding was requested or awarded.

## **8. Potential Projects**

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

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 current process is very manual, moving towards automated production will increase efficiency as well as production. The increase in turnover was noted as being quite small considering the level of investment being sought. The estimate was assumed to be rather conservative. The LAG were aware that this is a project that could have wider benefits. At present the company cannot meet demand for the product. The LAG are keen for the applicant to show how the investment will contribute to overall sustainability of the organisation. Mhari confirmed the applicant was working on a business plan at the moment.

The level of de minimus funding awarded to Shetland Amenity Trust (SAT) was discussed. Mhari confirmed HIE had sought specialist advice regarding this issue. The various rules regarding de minimus and LEADER were discussed and the LAG were happy to continue to consider the application. The LAG felt the project had lots of potential and had a good fit with LEADER.

The applicant was invited to submit a Stage Two application on the condition that the LEADER application is accompanied by a business plan.

## **9. Projects for decision**

### **LEADER 098 – SAT – Investigating Short Rotation Coppice as Biofuels in Shetland**

This project was originally presented to the LAG in April. It was rejected for a number of reasons; a similar study had been undertaken in Orkney, the LAG felt growing willow was perhaps not the best use of the limited supply of good quality agricultural land in Shetland, and it would be more appropriate for the project to be undertaken by the private sector.

The project was resubmitted to the LAG in August. Breakdown of costs were queried and it was clarified that around £26,000 of costs related to the analysis evaluation stage. Additionality was queried as it appeared the project had already started. The LAG felt it would be difficult to fund the project trials element due to land ownership issues. The LAG decided not to fund the trial but to consider a stage two application for the analysis and best practice guidance of the project.

The project presented to the LAG had scored a total of 67 out of 150 placing it in the “Less Successful fit to LEADER criteria”. Mhari stated she had asked for a copy of the full application in order to review the scoring process, she had done this and although she had disagreed with some of the scores she felt the overall score awarded was fair. The LAG were extremely concerned as the trial had already started, this raised questions about additionality and what LEADER funding was really necessary for. The educational element of the project seemed limited. A query was raised as to whether the UHI and Agronomy Institute could have been involved in the project. The applicants own source of funding was not confirmed on the evaluation form presented to the LAG.

The LAG discussed the project in terms of innovation, value for money, reasonableness of cost and additionality. It was felt to be innovative in terms of a new project to be undertaken in Shetland. Value for money was discussed, a large proportion of costs related to consultancy fees, the LAG felt this would represent better value for money if a higher proportion had taken account of educational materials and knowledge transfer. Reasonableness of cost would be taken account of during any tendering exercise; however the LAG acknowledged that specialist skills were required for a project of this

nature. Additionality was discussed in detail and the LAG felt this to be an area of concern as the trial element of the project has already started it is likely to proceed without LEADER funding, however the statistical analysis would not be of such high quality.

The LAG unanimously decided to reject the project for the following reasons;

- It had scored in the “Less Successful fit to LEADER” criteria, LAG members had considered this score and found it to be fair
- Additionality was a concern due to the trial element of the project having started
- The LEADER budget is under extreme pressure and this application did not justify strongly enough the need for LEADER funding to proceed.

### **100 – SSQC – Somatic Testing of Shetland Milk**

SSQC are requesting £4,500 which is 50% of overall project costs of £9,000 to purchase a somatic cell counter machine. The machine will enable SSQC to provide milk testing services to Shetland Farm Dairies. It will provide fast, accurate results, reduce wastage and improve quality.

The LAG had requested in the full application that the applicant address a number of queries regarding jobs, wastage and confidence of the future of the dairy industry. This had been done satisfactorily.

The LAG reviewed the application and agreed with the scores awarded. The application had come forward from industry and had the potential to have wider benefits in the economy. The project is innovative as it involves the purchase of new machinery not previously available in Shetland. It represents value for money as the sum requested is relatively modest but the need for assistance by the dairy industry in Shetland is considerable. Reasonableness of cost has been assessed; the applicant will follow all relevant tendering and procurement processes. The project will not go ahead without LEADER funding, there are no other identified funding sources.

The LAG unanimously agreed to approve the project, see attached record of voting.

## **10. AOB**

### **Membership**

The LAG attendance register was discussed. Members were reminded to try to send a proxy if they could not attend a meeting. Alan Blain had not attended four consecutive meetings whilst Kathy Hubbard had not attended three consecutive meetings. Douglas will contact them both to see if they intend to remain on the group. A representative was required from SNH to replace Ann Johnson. David Cormack said he would contact Juan Brown.

### **Business Planning Session**

Douglas stated a separate meeting would need to be held to begin discussion on the closure of this programme and forward planning for the 2014 – 2020 programme. Sheila referred to a LEADER Working Group report that had been presented to the Scottish Government, it contained some useful information, she will circulate this to the LAG via email.

### **LEADER Co-ordinators Meeting 31<sup>st</sup> August 2012**

Sheila provided a summary of the meeting she had attended. The latest guidance states “project expenditure can continue to be incurred in 2014 and the end spend date of the current LEADER programme (i.e. claims to Scottish Government) will be September 2015.”

Thought is being given to the next programme although nothing is confirmed yet. Indications are that the existing LAG structure will be retained; there will be more focus on innovation, economic development and private sector and business. The burden of match funding may rest with the Lead Partner and not the Scottish Government. Delivery through SCVO is being considered as well as an advisory service. Closer co-operation or formal links with Community Planning Partnerships are being discussed. The programme is scheduled to launch in April 2014.

### **11. Date of next meeting/closure**

15<sup>th</sup> November 2012, EDU Boardroom.

Meeting closed at 11.50 am.