

## **SHETLAND LEADER 2014 - 2020 LAG**

### **MINUTES OF LAG MEETING HELD IN EDU BOARDROOM AT 9.15AM ON WEDNESDAY 20<sup>th</sup> January 2016.**

Present:

Mhari Pottinger, HIE  
Diana Abernethy, AB Associates  
Juan Brown, SNH  
Thomas Coutts, Shetland College  
Michael Duncan, SIC  
Steve Mathieson, Visit Scotland  
Annie Nicolson, NFU  
June Porter, SIC  
Lewie Peterson, SIC (Global Classroom)  
Sally Spence, SIC  
Sarah Taylor, NHS Shetland  
Ruth Henderson, Seafood Shetland  
Ann Johnson, Shetland Food Producers  
Kathleen Sinclair, NFU  
Alan Blain, Shetland Amenity Trust

Sheila Tulloch, LEADER Co-ordinator  
Jennifer Sjoberg – LEADER Development Officer

#### **1. Apologies and Introductions**

Apologies were received from: Karen Eunson, CAB; Wendy Hand, Voluntary Action Shetland; Maree Hay, Northmavine Community Development Company; Bryan Leask, Hjaltland Housing Association; Douglas Irvine, Shetland Islands Council and Graeme Howell, Shetland Arts.

Mhari Pottinger welcomed everyone to the meeting and invited everyone to introduce themselves for the benefit of Jennifer Sjoberg the new LEADER Development Officer.

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

Mhari noted that there were three more representatives present from the public sector than from the private/voluntary sectors, and that, as there were applications to be considered, if there was any disagreement it would be necessary for four public sector members to withdraw from the voting.

#### **3. Minutes of 25th November 2015**

Sally Spence noted that a minor amendment was required to the minutes of the previous meeting: Skills Development Scotland not Skills Support Scotland.  
The minutes were approved by Michael Duncan and seconded by Sally Spence.

#### **4. Matters arising**

Mhari went through the action points from the minutes of 25<sup>th</sup> November:

- i. Reminder to send in photos and profiles for the LEADER website: Jon Dunn was available to take pictures at the end of the meeting;

- ii. Sheila hasn't heard back from Andy Steven regarding the Shetland Story Telling Expression of Interest;

**Action - Sheila**

- iii. Promotion of programme – Jennifer Sjoberg is currently updating the website and should have content ready for review by the end of the week.

## **5. LEADER 2014-2020 Update**

Sheila provided an update and noted that there is still no LAG guidance from the Scottish Government. She has updated the Application Evaluation Form and scoring sheets as used in the 2007-13 LEADER programme for use on the projects to be considered today. LAG members had been sent the Application Forms and Project/Business plans for the projects under consideration in addition to the Application Evaluation Form and scoring sheets to ensure members have all the relevant information to hand. In the future when the on-line system is available members will be able to access Application Forms and Project/Business Plans on the system through their log in status.

LAG Members asked whether there was a Letter of Offer available and Sheila stated that at present no standard template for a Letter of Offer has been provided.

Mhari asked the group if they were happy to make a decision based on the information available and said that it was up to the LAG whether to approve projects. Sally asked whether, in respect of the Assessment Criteria, there would be any comeback to the LAG if subsequent guidance alters the criteria. Sheila replied that the core of the evaluation and scoring for LEADER is the match to the Local Development Strategy (LDS) and that the projects under consideration have a good fit to the LDS. Steve asked if there was a scenario which could be identified in which the decision could be overturned. Diana noted it would be fairer for applicants for the LAG to make a decision in principal and make sure that applicants were clear that the project could not be progressed without a Letter of Offer. There followed a Discussion which concluded that as the projects were good projects with a close fit to the LDS no-one could identify a problem.

Michael asked whether any other LAGs elsewhere in Scotland are approving projects Sheila said that she wasn't sure as LAGs are all at different stages. Alan observed that it did cause difficulties for projects when goal posts were moved in the course of a funding programme. LAG members asked whether delays in issuing guidance were at the European or Scottish Government level and Sheila assured them that the delays were with the Scottish Government. LAG members asked if there was there any possibility of applying pressure on those responsible and it was suggested that our MSP should be asked to help.

Sheila assured the LAG that no Letter of Offer will be issued before she has received guidance from Edinburgh.

**Action - Sheila**

## **6. Declaration of Interest in any Application or Expression of Interest**

Mhari asked LAG members for declarations of interest, financial or otherwise, in any of the Expressions of Interest to be considered at today's meeting. The following interests were declared:

- Diana declared an interest in Mackenzie's Farm Shop and Cafe through her role as a Business Gateway business adviser.

- Steve Mathieson noted that he had provided a letter of support for Mackenzie's Farm Shop and Cafe on behalf of VisitScotland but did not feel he had a direct interest in the project.

*10.00 Sarah Taylor left*

## **7. Applications**

### **i) 001 Mackenzie's Farm Shop and Cafe**

The LAG agreed that Diana should stay in the room to answer questions but would not vote as she had been involved in the development of the business plan.

Mhari gave a brief introduction to the project which is a farm/croft diversification project to develop a farm shop and cafe with two business units for rent on the Mackenzie family's croft in Cunningsburgh.

Mhari asked whether there was evidence of demand for the business units and said that rents must be charged at a market rate. Diana confirmed that there was interest in the business units and that commercial rates would be charged for them, based on Lerwick rates but slightly reduced to reflect the out of town location.

Tommy pointed out that there was a mismatch between the figures on the application form and those on the application evaluation form and Sheila explained that this was due to adjustments made following discussions with the applicant concerning the balance of eligible project cost to the total project cost; the applicant had agreed to the revised figures in the application evaluation form and would update the application form to reflect this. The reason for the discrepancy was that the applicant proposed to do some of the work themselves but this own labour would not be eligible for LEADER grant and the applicant was not entirely sure of the extent to which they would be able to reduce the total cost through the use of their own labour. The level of grant requested had only been reduced after the applicant had provided evidence that they had sufficient funds available to meet their required contribution.

There followed discussion among LAG members concerning the sustainability of rural shops, which generally struggle with low profitability, and it was noted that previous shops in Cunningsburgh had failed to survive. However, it was agreed that the applicant has addressed this by including the cafe and business units in the development and by aiming to make the shop and cafe a destination in its own right so that they would not be entirely dependent on either passing or local trade. There was some discussion among LAG members regarding displacement as there is another seasonal cafe at the visitor centre in Hoswick, but the LAG agreed that, while there may be some displacement, the farm shop was developing itself as a destination and there are other initiatives aimed at developing tourism in Cunningsburgh, such as the new Aithsvoe camping and caravan park, which will attract more tourists and benefit the wider area.

Some LAG members observed that while they supported the project they believed that there were risks from a business perspective and asked if the business has sufficient reserves to cover a slower start or other unexpected costs. Sheila said that the applicant had considered the risks and had provided evidence that they had sufficient reserves

but observed that if there was no risk then there would be no justification for public funding. Mhari pointed out that public funders do need to take risks, and cited the Hillswick shop as an example of a high risk project which received public funding and is now doing well. Ruth noted the evident determination of the applicant to succeed with this project.

Sally pointed out that the Application Form does not specify all the information that will be required from an audit perspective. Sheila said that the Project/Business plan now forms part of the application and the intention was to avoid unnecessary duplication by not including the same information in both documents.

The LAG decided that they were happy that the risks identified had been taken into account and unanimously agreed that a grant of £153,449, 41.57% of eligible project costs, should be approved for the project.

LAG members then went on to individually score the project.

*Juan Brown left meeting 1030*

#### **ii) 006 The Belmont Trust – Workshop and Belmont House enhancement**

Mhari gave a brief introduction to the project at Belmont, Unst. This project comprises three parts: to re-commission a fire in the drawing room of Belmont House, to redevelop an outbuilding adjacent to the house for use as multipurpose workshop space and an energy study to examine ways of improving energy efficiency and reducing costs.

Steve asked why the heating and energy efficiency were not looked at as part of the original project. Ruth and Alan explained that the project had to be developed in stages over a number of years, the nature of the building limited what could be done and the fact that it was a listed building and the Trust relied on support for the renovation from Historic Scotland further restricted the use of modern energy saving measures. All this combined with limited funds meant that they had had to install a basic heating system which could be added to in the future.

Diana asked what the position was regarding match funding from HIE. Mhari confirmed that the project was in a HIE priority area and of a suitable type that would meet HIE's criteria for funding but that additional information including detailed quotes would be required before HIE could confirm match funding.

LAG members discussed the projected Cashflow Statement as this showed that the group required more money for their own contribution than they were showing that they had. Sheila and Jennifer confirmed that the group had access to further funds including the possibility of a short term interest free loan if that was required.

There was some discussion among LAG members concerning the market which this project was aimed at. It was agreed that it would predominantly be targeting the local market and that internal tourism within Shetland was a growth market. Unst is a popular destination for local tourists and the development of residential workshops at Belmont had been a great success to date with the potential to develop further particularly outwith the main tourist season.

Mhari queried whether this project would be considered state aid and suggested that funding may need to be classed as “de minimis”.

The LAG unanimously agreed to approve that a grant of £19,800, 45% of eligible project costs, should be approved for the project.

*1045 Diana Abernethy, Alan Blain and Thomas Coutts left the meeting*

*1050 Juan Brown returned*

## **8. Expression of Interest**

### **013 Tushker Limited (Trading as Shetlandeli)**

LAG members discussed the timescales of the project and the implications of the proposed five year lease on the premises. They asked whether the assets would stay with the business at the end of the lease if it were not to be renewed. Sheila will seek clarity on lease and grant obligation.

**Action Sheila**

LAG members commented on the success to date of the products produced by Shetland Deli and the potential to export from Shetland. The products were considered to be high quality, the proprietor has a background in marketing and PR and the LAG agreed that this project will contribute positively to the promotion of Shetland.

The LAG agreed that the project should be invited to progress to the next stage of the application process.

## **9. Promoting the new programme – formal launch**

LAG members agreed that we should not have a formal launch until all guidance was in place but would continue with soft launch.

## **10. LAG Membership – member profiles and photos**

Jon Dunn took individual photos of 3 LAG members but too many LAG members had already left for a group photo to be taken.

## **11. AOB**

LEADER Conference scheduled for 10<sup>th</sup>-12 March Sheila to send out further details when she receives them, looking for volunteers from the LAG to attend.

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

Next meeting on 9<sup>th</sup> March

Meeting closed at 11:00