



**Shetland LEADER / EMFF Programmes 2014-2020
Evaluation**

Final Report for Shetland Islands Council

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1 Introduction

1.1 ekosgen was commissioned in August 2020 by Shetland Islands Council to undertake an evaluation of the Shetland LEADER/EMFF programmes for 2014-2020. The aim of the commission is to deliver a robust and insightful evaluation of the Shetland LEADER/EMFF programmes; understand how the Shetland LEADER/EMFF programmes have been delivered, progress made, impacts achieved and the priorities for future interventions whilst drawing on both local insights and wider knowledge to provide informed process and impact findings and identify constructive lessons and recommendations for successor programmes. The specific objectives are to provide:

- A socio-economic impact assessment based on the projects funded and targets achieved by completed projects;
- An assessment of the added value accrued to the local area by delivery of the LEADER and EMFF programmes;
- Feedback on the efficiency, effectiveness and transparency of the management, delivery systems, structures, and procedures of the Shetland LEADER/EMFF programme, and identify areas of good practice;
- An understanding of the extent to which Scottish Government priorities and targets have been addressed by local programme delivery; and
- The main lessons learned from the delivery of the LEADER and EMFF programme over the programming period.

Study approach

1.2 The study was undertaken between August and December 2020 and involved:

- A desk review of programme documentation, including the Shetland Local Development Strategy (LDS), accompanying Business Plan Activity and Outcome Targets, and LEADER/EMFF programme application and project monitoring information;
- In-depth telephone and video conference consultations with the Shetland LEADER/EMFF delivery teams at Shetland Islands Council (SIC), Chair and members of the LEADER Local Action Group (LAG) and the Fisheries Local Action Group (FLAG), and representatives from Marine Scotland and the LEADER team at the Scottish Government; and
- Consultations and an online survey with 21 beneficiaries of LEADER support and 10 beneficiaries of EMFF support in Shetland between 2014 and 2020. This represents 57% of the 37 LAG and 17 FLAG beneficiaries/projects that were granted funding through the programme.

Report structure

1.3 The remainder of this report is structured as follows:

- **Chapter 2** – provides the economic context for the overall delivery of the programme and alignment with the wider support landscape.
- **Chapter 3** – describes the Shetland LEADER and EMFF programme, including budget and expenditure, along with an overview of performance against the targets set in the Shetland LDS.

- **Chapter 4** – outlines the effectiveness of delivery and management of the Shetland LEADER and EMFF programme including the beneficiary perspective.
- **Chapter 5** – considers the quantified benefits and impacts of the programme to date and anticipated, alongside wider impacts, and the impact of the COVID-19 pandemic.
- **Chapter 6** – presents conclusion, lessons learned and future considerations.

2 Strategic Overview

Introduction

2.1 This section provides the policy and economic context for the development of the Shetland LDS and the delivery of the LEADER and EMFF programme.

LEADER and the Scottish Rural Development Programme

2.2 The European Commission's LEADER programme is a bottom-up, partnership-based approach to rural development, a component of the Scottish Rural Development Programme (SRDP). The SRDP's aim is to deliver projects contributing to sustainable economic growth in rural communities^{1,2,3}. The main priorities include:

- Enhancing the rural economy;
- Supporting agricultural and forestry businesses;
- Protecting and improving the natural environment;
- Addressing the impact of climate change; and
- Supporting rural communities.

2.3 The SRDP 2014-2020 was approved in 2015, with a budget of over £1.3 billion to be used over the period to support projects delivered by individuals, businesses, and groups through grant schemes. The LEADER programme is one of six main schemes that make up the SRDP budget, assisting in the delivery of the EU Common Agricultural Policy. Of the SRDP priorities above, supporting rural communities is the key priority for the LEADER programme. This guarantees minimum levels of production and ensures a fair living standard for those dependent on agriculture, with funding supporting economic, environmental, and social measures for the benefit of rural Scotland⁴. Rural areas in Scotland are defined by the SRDP as settlements of less than 3,000 people and account for 18.5% of the total population, across 95% of rural land area. These include the Highlands and Islands region, eastern Scotland, south-western Scotland, and north-eastern Scotland. It should be noted that for the LEADER programme, however, a rural settlement is defined as settlements of less than 10,000 people.

EMFF and the wider European Maritime and Fisheries Fund

2.4 The European Maritime and Fisheries Fund (EMFF) is the fund for the EU's maritime and fisheries policies for 2014-2020. It is part of one of the five European Structural and Investment Funds promoting growth and job-based recovery. The fund aims to support sustainable fishing and aquaculture, diversify coastal communities and their economies, finance projects to create new jobs, improve quality of life, and make finance more accessible. The total funding sits at €6.4 billion, with €5.7 billion allocated to member states⁵.

2.5 The UK EMFF Operational Programme has a total budget of €310 million, with 78% of this drawn down through the EU fund. It is delivered across the UK, with the Scottish share totalling €107

¹ Scottish Government (2019) *SRDP 2014 to 2020: programme document 2019*

² Scottish Government (2017) *SRDP 2014 to 2020: information and public strategy*

³ <https://www.ruralpayments.org/publicsite/futures/topics/customer-services/common-agricultural-policy/scottish-rural-development-programme/>

⁴ <https://www.gov.scot/policies/agriculture-payments/scottish-rural-development-programme-srdp/>

⁵ https://ec.europa.eu/fisheries/cfp/emff_en

million, which is co-financed with domestic governmental funding. The Scottish EMFF programme is centred on four key pillars:⁶

- Smart, Green Fisheries – sustainable fishing and management of marine ecosystems;
- Smart, Green Aquaculture – economically viable and competitive aquaculture, providing high value products;
- Sustainable and Inclusive Territorial Development – reversing the decline of coastal and inland communities dependent on fishing; and
- Integrated Maritime Policy – supporting priorities which generate savings and growth.

2.6 Projects funded through the Shetland EMFF programme support a community led local development strategy. Funds are available to support projects which will deliver any of the following;

- Add value, create jobs, and promote innovation at all stages of the fisheries and aquaculture seafood supply chain;
- Support diversification within the fisheries and aquaculture sectors;
- Support lifelong learning and job creation in fisheries areas; and
- Strengthening the role of fisheries communities in local development and the governance of local fisheries resources⁷.

The Shetland Islands context

2.7 The Shetland Islands LEADER/EMFF programmes area covers the entirety of the Shetland Islands, which includes 16 inhabited islands. The region has an estimated population of 22,900 as of 2019, having fallen slightly from 22,990 in 2018. Overall, the Shetland Islands population has fallen 1.3% since 2011, compared to a 3.1% increase in the national population over the same time frame⁸. The main town of Lerwick has a population of around 7,000 and there has been a slight decrease in young people living in the area (falling 4% for 16-34-year olds), with a 4% increase in elderly population. This reflects the population distribution trends seen at national level. The area has a high employment rate at 75%, although this has fallen by 6% in the last five years, compared to only a 1% increase across Scotland. Employment may have fallen as a result of local industry closure or people moving out of the area and vacancies not being filled. Employment in Shetland is dominated by public administration, which accounts for 21% of FTE employment. The next largest sectors in terms of employment are wholesale/retail (12.5%) and construction (8.1%). Shetland Islands has a higher rate of part-time employees at 41% vs 34% nationally. Claimant count data shows an increase of 160% claimants between September 2019 and September 2020 – this was only a 104% increase for Scotland⁹.

⁶ <https://www.funding-portal.eu/uk-emff-operational-programme-approved/>

⁷ <https://www.gov.scot/publications/community-led-local-development-grant-how-to-apply/>

⁸ Population Estimates (2020)

⁹ Annual Population Survey (2020)

Shetland Islands

Coverage: Entire Area

Population: 22,900

LEADER Allocation: £2,461,931.83

EMFF Allocation: £485,000

Challenges: Ageing population, lack of opportunities for young people, high costs of goods and services, lack of access to services, poor connectivity and infrastructure, high living costs

LEADER Focus of funding: Community-led, capital and revenue projects

EMFF Focus of funding: Fisheries and aquaculture, with research and development components

2.8 Developed in 2014/15 the Shetland LDS contained two SWOT analyses which identified several strengths and challenges relating to both the rural and fisheries contexts across Shetland. The rural economy was and remains very important in Shetland, with fisheries continuing to be a key sector.

2.9 Within the rural and community development context, the SWOT analysis identified strengths around a low rate of local unemployment, high educational attainment, high community engagement, and strong local identity. However, several local challenges that were highlighted included a lack of opportunities for young people, high costs of goods and services and poor access to services, a high cost of living and an ageing population. The LDS also identified concerns around depopulation leading to business closures, such as rural shops, a lack of investment in local communities, Shetland Island Council budget cuts affecting service and support provision through community groups and businesses, and poor internet and mobile connectivity outside centres.

2.10 The SWOT analysis specific to fisheries identified strong maritime expertise, a high degree of local volunteering, a rich and varied coastline with high quality marine life and biodiversity, and a strong history of a maritime workforce and innovation. There were also opportunities around finding alternative uses for infrastructure such as small harbours, investment in facilities, reskilling to meet changing market needs, and diversification of the economy. However, the LDS also presented a range of challenges around fisheries, notably a decline of traditional skills and skills retention in the sector, a need for regeneration, variable infrastructure quality, as well as concerns around a lack of investment and future political/legislative changes.

2.11 A skills survey undertaken in 2017 confirmed that some of the above challenges relating to business and skills were still prevalent. Local vacancies were predominantly in skilled trade occupations (42%), followed by sales and customer services (18%) and process, plant, and machine operatives (14%). The survey showed employers faced challenges in recruitment, with 61% struggling to fill vacancies due to a lack of required skills and experience, combined with low interest in those vacancies, ultimately increasing workloads and operating costs. There were also challenges around obtaining specialist skills and industry knowledge in Shetland, and despite 89% of employers offering training, staff retention remained problematic, as identified in the LDS. The survey found employers were keen to increase retention due to few education leavers being prepared for the world of work. The survey findings presented a belief among employers that they should be involved in the design of education courses and skills curriculums to develop a multi-skilled workforce and improve the resilience of the Shetland Islands economy.

2.12 Shetland Islands Council's Economic Development Strategy, developed for the period 2018 to 2022, identified tourism as an important economic driver for the area, with more than 75,000 visits per year. The Shetland Islands Visitor Survey for 2019 showed there was £36 million visitor spend in the period, of which 60% was from leisure visits and the rest from visiting friends/family and business purposes. Most visitors were from the UK (72%), with overseas visitors making up the rest, mainly from Europe. The survey singled out aspects such as scenery and landscape, as well as history and culture, as some of the main attractions drawing people to Shetland, with popular locations such as the Shetland

Museum, Sumburgh, and Jarlshof. In 2019, the Shetland Islands experienced a slight increase in overnight visitors. The survey also found visitor experiences to often be positive, however it identified familiar challenges around public transport infrastructure, as well as the need for a wider offer of restaurants and cafes.

2.13 However, it is also worth highlighting substantial changes at a national and international level that have affected Shetland and potentially impacted on the delivery of the Shetland LEADER/EMFF programmes. Brexit has caused significant uncertainty around the future of the Scottish Rural Development Programme as part of EU funding. Further, the onset of the global COVID-19 coronavirus pandemic in early 2020 has had an unprecedented impact on the economy and communities across Scotland, the extent of which is difficult to quantify at present. For Shetland and the LEADER/EMFF programmes, this has created some delay in programme delivery, particularly capital-based projects – the LEADER programme has been extended to 31st March 2021. It is arguable that economies and communities are only just beginning to feel the true scale of the impact of the pandemic, but it is important to take cognisance of the circumstances of the COVID-19 pandemic combined with the extensive structural changes that will come around with Brexit.

Alignment with wider support offer

2.14 The 2014-2020 LEADER/EMFF programme support offer sits amongst a range of wider support on offer to businesses and community organisations in Shetland. Both LEADER and EMFF are well aligned with other support available locally and nationally and in many cases, this allows project applicants to secure match-funding from a range of public sector and external sources.

2.15 Support includes that provided through the Council which offers a range of grant and loan schemes. These include the Economic Development Grant Scheme which provides financial assistance for projects encouraging economic stability, diversity, and stimulation in the local economy. Funding can support for example new market development, improved service delivery or product development. A Community Development Fund supports Community Councils and Community Development Organisations to deliver services and activities to support priority areas including young people, community safety, and health and wellbeing.

2.16 Through the Shetland Investment Fund the Council also offers support for SMEs to encourage the creation, development, and growth of businesses in the local authority. This support focuses on key sectors such as creative industries, food and drink, fisheries and agriculture, and tourism.

2.17 SIC also delivers the local Business Gateway service, providing a range of support to people who wish to start up or grow their business. Business Gateway offers training, business information, access to business advisers and signposting to funding sources¹⁰. Through Business Gateway, Shetland-based individuals and employers can access information and support around business start-ups, business maintenance, and business growth, with specialist support around marketing and promotion, HR and employability, and finance also available¹¹.

2.18 At a national level the local EMFF programme aligns with main Scottish EMFF programme which is delivered across the four main Pillars outlined earlier. Support at the Scottish programme level can relate to, for example, aquaculture processing and marketing, investments on board fishing vessels and investments to shore based facilities.

¹⁰ https://www.shetland.gov.uk/economic_development/AboutEconomicDevelopmentService.asp

¹¹ <https://www.bgateway.com/local-offices/shetland/local-support>

2.19 The Scottish Land Fund¹² aims to support community organisations to own land, buildings, and other assets, providing £1 million in funding from the Scottish Government between 2016-2021. Delivered by Highlands and Enterprise (HIE) and the National Lottery Community Fund, the Scottish Land Fund can support projects that align with the Shetland LEADER programme, providing community-led, socio-economic impacts.

2.20 The UK-wide Coastal Communities Fund was introduced with the aim of encouraging the economic development of UK coastal communities by awarding funding to create sustainable economic growth and jobs¹³. In 2019/20, new arrangements to replace the Coastal Communities Fund in Scotland were made to ensure coastal communities would benefit from the net revenue generated by the Scottish Crown Estate marine assets. A total of £7.2 million was allocated to local authorities for coastal community benefit, of which Shetland received over £1 million¹⁴. A further £9.7 million has been made available for local authorities in 2020/21, with Shetland receiving around £1.4 million¹⁵.

2.21 Voluntary or community and public sector organisations in Shetland can apply for the National Lottery Awards for All Scotland funding, with allocations available between £300 and £10,000¹⁶. The Awards for All scheme aims to support organisations and community groups that bring people together and build strong community relationships, improve places and spaces in communities, and help people reach their potential. There is also a drive to support young people from deprived areas, girls and young women, and young people with disabilities.

¹² <https://www.hie.co.uk/support/browse-all-support-services/scottish-land-fund/>

¹³ <https://www.gov.scot/publications/coastal-communitites-fund/>

¹⁴ <https://www.gov.scot/publications/scottish-crown-estate-marine-revenue-allocations-2019-20/>

¹⁵ <https://www.gov.scot/publications/scottish-crown-estate-revenue-allocations-2020-to-2021/>

¹⁶ <https://www.tnlcommunityfund.org.uk/funding/programmes/national-lottery-awards-for-all-scotland#section-2>

3 The Shetland LEADER and EMFF Programme

Introduction

3.1 This chapter describes the Shetland LEADER and EMFF programme with an overview of the Shetland LDS and the objectives and targets underpinning it; an analysis of the projects funded, the types of beneficiary organisations and the programme's financial budgets and expenditure (to August 2020).

The Shetland Islands and LEADER/EMFF

3.2 Rural community development programmes have previously been in operation across the Shetland Islands, including LEADER. The LEADER+ Programme was facilitated by a Local Action Group (LAG) in Shetland in conjunction with Orkney as part of the Northern Isles LEADER+ Partnership. Additionally, Shetland had a separate LAG and budget under LEADER II. For the previous 2007-2013 LEADER Programme, SIC was the Accountable Body for programme delivery and provided administrative and co-ordination services to the LAG set up to facilitate project management and funding allocation in Shetland, coinciding with a separate LAG administering funds from the European Fisheries Fund Axis IV. This led to the current arrangement for the 2014-2020 programme, the fourth LEADER (and second EMFF) programme that Shetland has participated in¹⁷.

3.3 The LEADER programme in Scotland secured a budget of £77.4m through the SRDP, with 21 Local Action Groups active nationally. The Shetland LEADER programme received a total budget of £2.46m to support community-led local development projects. The overarching aims of the Shetland LDS 2014-2020, which is underpinned by LEADER programme project delivery, is to:

- Support communities to develop projects addressing carbon reduction and energy saving;
- Develop and enhance services and facilities supporting a high quality of life in local communities;
- Enhance the natural and cultural heritage of Shetland and improve tourism and leisure opportunities in local areas;
- Encourage community initiatives which develop food and drink projects;
- Provide communities with the means and opportunity to address issues of poverty, disadvantage and inequality; and
- Encourage co-operation and experience-sharing with rural areas located elsewhere in Scotland, the UK and Europe¹⁸.

3.4 A further £485,000 of EMFF funding delivered across fisheries, aquaculture and coastal projects through the Shetland Fisheries Local Action Group (FLAG) sets out to support projects that:

- Help fishermen in the transition to a sustainable future;
- Support sustainable aquaculture;
- Support coastal communities; and

¹⁷ https://www.shetlandleader.org/site/assets/files/1146/llds_final_270215_2.pdf

¹⁸ <https://www.shetlandleader.org/about/leader-2014-2020>

- Create new jobs and improve the quality of life along European coasts¹⁹.

Rationale and development

3.5 Used to guide the implementation of the Shetland LEADER and EMFF programmes, the Shetland LDS establishes a policy framework and a set of priorities and objectives around programme delivery whilst maintaining alignment with existing development strategies. The overarching aim of the LDS is to *'support stronger communities, individuals and organisations through promoting social inclusion, poverty reduction and economic development'*.

3.6 The LDS was developed following a period of consultation with local communities and groups in early 2014, drawing on experiences with previous programmes that were successfully administered across Shetland. The LDS presents a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis which informed priority actions for the delivery of the strategy and the 2014-2020 LEADER programme. A SWOT was also prepared through consultation for the Fisheries part of the LDS.

3.7 At the outset of the delivery of the LDS the LAG and FLAG models of programme facilitation were used, with both groups undertaking programme decision-making. Both groups are comprised of a number of key bodies and stakeholders, including: public agencies, local organisations, individuals, and industry representatives.

3.8 The LDS set out three key target groups who would benefit from the opportunities developed; these were: social enterprises, micro businesses, and young people. The LDS outlines a range of priority actions and targets related to the overarching aims of the 2014-2020 programme, as set out in the previous section. These are examined in more detail in the programme performance section below.

Programme structure and delivery model

3.9 The Shetland LEADER and EMFF 2014-2020 programmes align with a model of Community Led Local Development (CLLD), wherein projects and initiatives are developed by the local community to meet key rural development actions and priorities. Overseeing the administrative area of Shetland is SIC who are the Accountable Body for the LEADER programme and the Lead Administrative Partner for local EMFF delivery. They are responsible for financial management and programme and project monitoring and evaluation, staff resource, and are often the first point of contact for project applicants and beneficiaries. SIC acts as the paying authority for LEADER and liaison with Marine Scotland for payment of EMFF grant claims. However, decision-making on funding awards to projects is the responsibility of the LAG and to a lesser extent the FLAG who make recommendations for funding to Marine Scotland who make the final decision on awards to projects.

3.10 In line with the bottom-up approach that LEADER and EMFF takes, the aim is to improve programme governance by involving local stakeholders to help shape and develop funded projects. This is done by LAG/FLAG members bringing their local knowledge and expertise to bear with respect to community and rural development projects. The programme aims to be transparent, integrate various types of local players such as community organisations and the public and private sectors and help to improve communication between the different groups included.

3.11 For the LEADER and EMFF programme, the LAG and FLAG are responsible for delivering the aims and objectives of the Shetland LDS. They were already established in Shetland as part of previous programmes and individuals/organisations were consulted as part of the LDS development and the preparation of the funding bid for 2014-2020. They are responsible for overseeing the strategic

¹⁹ <https://www.shetlandleader.org/how-to-apply/european-maritime-fisheries-fund-emff-2014-20>

coordination of the programme and approving applications (on an eight-weekly basis for LEADER and around 12 weeks for EMFF).

3.12 A communications strategy was developed in order to ensure both LEADER and EMFF programmes were widely publicised around Shetland, with all LAG and FLAG members playing a key role in promotion within and around the community and their networks. The 2014-2020 programme built on the momentum and publicity around the previous 2007-2013 programme. The 2014-2020 programme was promoted through a range of stakeholders, including those on the LAG and FLAG, local media and wider SIC networks, ensuring engagement in the programme came from activities or projects aiming to address 'social exclusion, poverty and economic development'²⁰. The programme was also promoted through a website, which includes information on the application procedure, programme guidelines and targets, project information, minutes from LAG meetings, case studies highlighting ongoing and completed projects, and information on previous projects funded through the 2007-2013 programme. An information leaflet, press releases and a series of roadshows were also developed to promote the programme across Shetland and ensure effective engagement.

3.13 LAG and FLAG memberships comprise a wide range of representatives with community interests and experience in all aspects of community development. For LAG, representation from the private and charitable sectors forms no less than 51% of the group membership. In accordance with EMFF Regulation, the FLAG accommodates significant representation from the fisheries and aquaculture sectors, with no single interest group having more than 49% of voting rights in the decision-making process. The principal role of the FLAG is to deliver support for fishing communities in Shetland, in partnership with Marine Scotland, through the LDS. This is to support producers, organisations, aquaculture/fisheries businesses, maritime research, SMEs, voluntary/community groups and public-private partnerships^{21,22}.

3.14 The programme delivery team is as follows:

FLAG

- A Programme Co-ordinator provides a project management function on behalf of SIC which includes processing and monitoring applications and claims, supporting project applicants, monitoring project delivery and reporting to the FLAG on progress of programme delivery, finances and outcomes.

LEADER

- There are 2.5 FTE staff involved in the management and delivery of the LEADER programme, namely, a Programme Officer, a Development Officer and a Business Support Officer. Their duties include maintaining a general programme overview, communicating with the Scottish Government LEADER team and overseeing project claims. They are also involved in supporting applicants in project development, processing project applications and monitoring project delivery as well as maintaining inputs to the EU and Scottish Government LEADER Local Actions in Rural Communities (LARCs) database and reporting to the LAG on a regular basis.

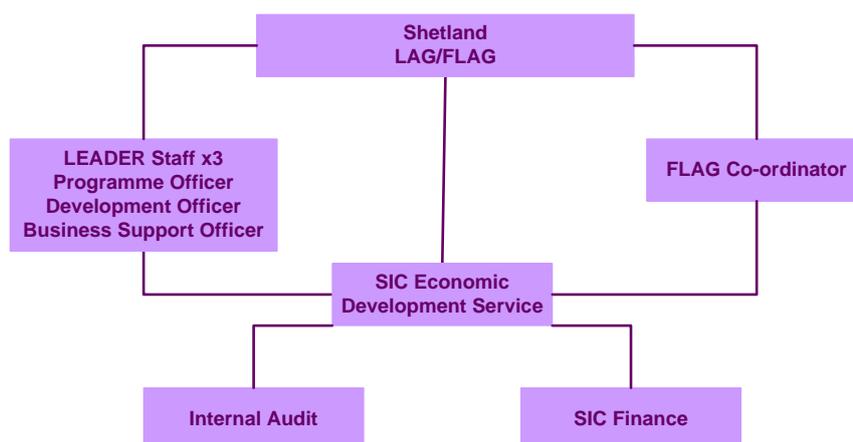
3.15 Figure 3.1 below presents the programme management and delivery structure.

²⁰ Local Development Strategy for Shetland 2014-2020, Business Plan

²¹ https://www.shetland.gov.uk/economic_development/EMFF.asp

²² <https://www.shetlandleader.org/how-to-apply/european-maritime-fisheries-fund-emff-2014-20>

Figure 3.1: LEADER/EMFF Programme Structure



3.16 New applications for project funding follow an established two-stage model: first, an applicant submits an initial short potential project outline to the LAG/FLAG for consideration – an Expression of Interest (this is mandatory for both programme applicants). If successful, the applicant will then submit a more detailed ‘full’ application which is considered by the LAG/FLAG. Applications are deemed successful if they have the potential to fit with the priorities and targets set out in the LDS, as well as showing evidence of need or demand in the local community, whether the project would proceed without LEADER/EMFF funding support, value for money, and project management assessment, as well as factors such as innovation, social inclusion, community involvement, sustainability, and environmental and cultural impacts.

Programme performance

3.17 This section includes an overview of LEADER and EMFF approved projects (at 11 August 2020) and considers programme performance against LDS Business Plan targets for both the LEADER and EMFF programme.

LEADER projects

3.18 The LEADER programme had 92 formal Expressions of Interest, of which some were resubmissions, and 64 of these were invited to complete a full application. There were 24 Expressions of Interest approved that did not reach an approved project; this was due to not securing additional or match funding, quotes, project timescale or the absence of project progression. After submission of a full application, no projects were rejected by LAG.

3.19 The LAG has approved a total of 37 projects in the LEADER programme. At programme end, 21 (57%) projects have been completed, while 16 (43%) projects are ongoing with grant left to claim. At the time of writing one project is on hold, two were cooperation projects where LAG was not the lead, and three were previously withdrawn – the latter are not included in the analysis.

3.20 Projects in the LEADER programme were split across capital investment in community development (54%) and revenue expenditure (46%). The majority of project beneficiaries are community and local organisations (68%), such as Levenwick Village Club which secured funding to upgrade the facilities at the campsite and make the hall more environmentally friendly, and the Scalloway Preschool outdoor classroom. Small and medium sized enterprise projects account for 30% of projects, including Shetland Farm Dairies’ butter churn and milk vending machine. The farm diversification theme accounts for only one approved project programme, namely the development of Mackenzie’s farm shop and café.

Table 3.1: Approved LEADER projects by LAG, by theme, 2014-2020

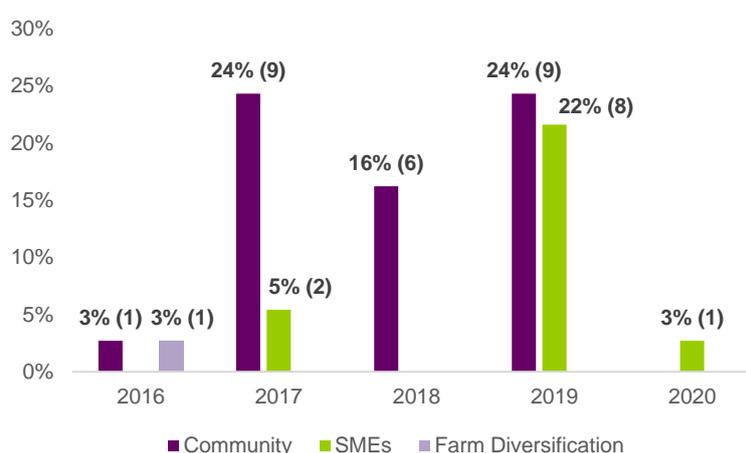
Theme	Number	%
Community	25	68%
SMEs	11	30%
Farm Diversification	1	3%
Total	37	100%

Source: Shetland Islands Council Data, August 2020

3.21 Taking account of the two stage application process and subsequent project approval procedures, the first funded project did not commence until 2016, as shown in Figure 3.2.

3.22 There were 17 projects over the course of 2017 and 2018, with the same number commencing in 2019, of which nine were community-based and eight SME projects²³. Up until August, only one project had commenced in 2020, an SME project. The COVID-19 pandemic caused delays to all live projects with two, Shetland Food and Drink and the Mind Your Head wellbeing programme, requiring to adapt their delivery models before progressing further. There was only one farm diversification project, which started in July 2016 and was completed in June 2017.

Figure 3.2: LEADER project start dates



Source: Shetland Islands Council Data, August 2020

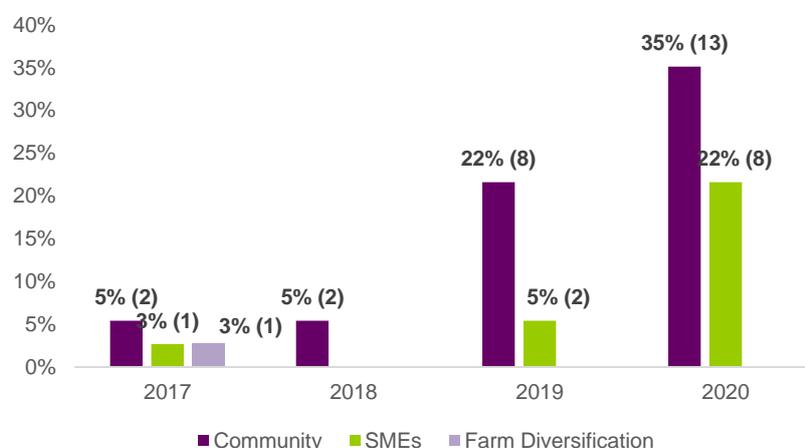
3.23 Project end dates for LEADER were recorded as part of the monitoring data. Some of these were actual end dates and some estimated. Figure 3.3 shows the actual or estimated end dates of all 37 LEADER projects, with the majority (84%) expected to be completed in 2019 or 2020.

3.24 The average length of time taken/estimated for projects to be completed was 17.6 months. Community projects took longer on average to complete, at around 19.5 months, with SME-based projects taking around 13.7 months to complete as an estimate. The sole farm diversification project took 12 months to complete. This analysis includes estimated project end dates for those projects that had not been completed by August 2020, and assumes all projects will be completed by December 2020, therefore does not account for project extensions into 2021 as a result of the COVID-19 pandemic.

²³ SIC monitoring information categorises some projects as Tourism and Cultural/Heritage. For the project start date analysis, and to ensure consistency across the analysis in Chapter 3, Tourism projects have been included in the Community theme (two Tourism projects in 2018 and three in 2019). Cultural/Heritage projects have been included in the SMEs theme (two Cultural/Heritage projects in 2019).

Consultation with the programme delivery team suggest that there will be two projects which are likely to complete mid-end February 2021.

Figure 3.3: LEADER project end dates, actual and estimated



Source: Shetland Islands Council Data, 2020

EMFF projects

3.25 As of August 2020, the FLAG had approved 17 projects in the EMFF programme. Of these, 11 have been completed (65%), with six projects ongoing (35%) at the end of August. Two projects were withdrawn and are not included in the analysis.

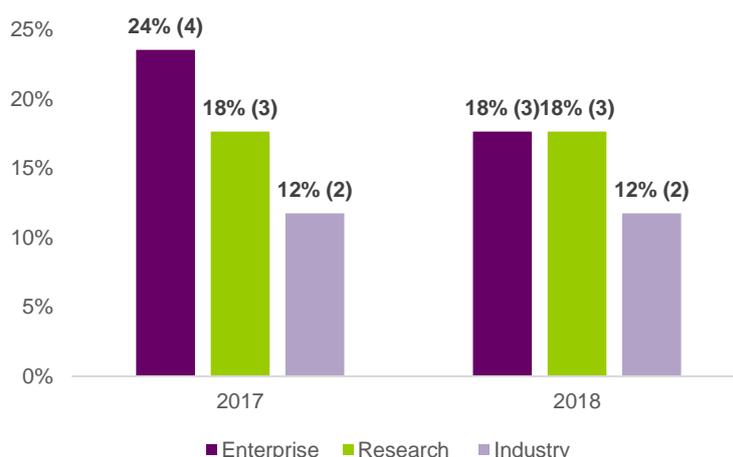
3.26 The type of projects in the EMFF programme were predominantly revenue-based, at around 82%, such as a scoping study for capacity and production modelling for mussels. Only 18% were capital-based projects, including the Periwinkle growing and storage facility. The project beneficiaries are spread fairly evenly across small and medium-sized enterprises (41%), such as a hull form assessment and advanced manufacturing project by Malakoff. Research-based projects accounted for 35% of those funded under EMFF and includes a feasibility study for a Shetland Seafood Marketplace, while industry funding made up 24% of EMFF projects, including grading machine trials for Shetland fish markets.

Theme	Number	%
SMEs	7	41%
Research	6	35%
Industry	4	24%
Total	17	100%

Source: Shetland Islands Council Data, August 2020

3.27 The first grants for the EMFF projects were offered three years into the programme, with nine projects underway in 2017 and a further eight in 2018. There was an even spread of EMFF start dates by project type, as shown in Figure 3.4.

3.28 EMFF project monitoring data did not present actual or estimated end dates for projects.

Figure 3.4: EMFF project start dates


Source: Shetland Islands Council Data, 2020

Performance against targets

3.29 A range of targets and priorities were set at the outset to ensure the Shetland LEADER programme 2014-2020 delivered the aims and objectives set out in the LDS. The indicators set out in Tables 3.3 and 3.4 were developed as part of the Business Plan for the LDS, and reflect the overarching aim to support target groups such as young people, women, micro businesses, and social enterprises through innovation, job creation, and widening access.

3.30 The LEADER project monitoring data at the time of writing is not yet complete. However it does not record totals against the number of young people (under 25) assisted or the number of women assisted; it is not known if these targets, shown in Table 3.3, have been met at this stage. Similarly, the project monitoring data does not record achievement totals for the number of enterprises and micro businesses assisted.

3.31 However, in terms of jobs created, the survey of 21 projects undertaken as part of the evaluation primary research shows 11.1 gross FTEs have been created, 60% of the target. This is explored further in Chapter 4.

Table 3.3: Approved indicators, LEADER 2014-2020

Activity Targets	Target	Achieved
Number of young people (under 25) assisted	500	Unknown
Number of women assisted	250	Unknown
Number of social enterprises assisted	20	Unknown
Number of micro businesses assisted	12	Unknown
Number of individuals accessing services and facilities	1,000	Unknown
Number of jobs created	20	Unknown

Source: Shetland LDS, 2014-2020; Shetland Islands Council Data, August 2020

3.32 Table 3.4 shows the 15 outcome targets set out in the LDS.

3.33 Of these, LDS targets were met or exceeded in 14 out of 15 outcomes. Targets were exceeded among projects which find uses for under-utilised public and/or community assets (13 projects versus a target of three), projects which build on or utilise Shetland's cultural heritage (12 projects versus a target of three), and projects which provide energy saving solutions for community buildings (10 projects versus a target of four).

3.34 There was only one a shortfall against targets, namely, projects examining new carbon reduction techniques (one project versus a target of three). However, projects which provide energy saving solutions surpassed the target (ten projects versus a target of four). This is likely due to previous studies supported through Central Europe Energy Partners (CEEP) under the previous LEADER programme. Targets have also been achieved for renewable energy capacity with heat pump installations. Several projects have also included a website or newer delivery methods, bringing telecommunication technologies to the forefront.

Table 3.4: Approved project priorities, LEADER 2014-2020

Outcome Targets	Target	Achieved ²⁴
Projects which examine new carbon reduction techniques	3	1
Projects which provide energy saving solutions for community buildings	4	10
Projects which reduce local transport emissions	2	4
Projects which increase the installed capacity of renewable energy	2	3
Projects which utilise telecommunications technology to mitigate against the effects of distance and peripherality	6	7
Projects which find uses for under-utilised public and/or community assets	3	13
Projects which generate revenue streams for social enterprises	5	9
Projects which enable disadvantaged and/or vulnerable individuals to play an active role in their community	4	10
Projects which provide new interpretation and/or access measures for local natural and built heritage	4	8
Projects which build on or utilise Shetland's cultural heritage	3	12
Projects which increase food and drink production within local communities	3	6
Projects which contribute to greater employment opportunities in remoter areas	4	5
Projects which develop skills among young people	3	5
Projects which contribute to regeneration and economic development plans in local communities	3	10
Co-operation projects with other LAGs	2	3

Source: Shetland LDS, 2014-2020; Shetland Islands Council Data, March 2021

3.35 The LDS set out areas for action in rural development to be targeted via the EMFF programme. The key priorities and indicators underpinning these actions are set out in Table 3.5, with targets and achievements also identified. Targets across almost all priority areas were exceeded, particularly around the creation of new jobs with 11 created against a target of three. However, against a target of six, only one existing job was safeguarded through the programme.

3.36 There was achievement through project funding across areas such as diversification within the fisheries and aquaculture sectors (five projects funded against a target of three), supporting lifelong learning and job creation in fisheries (five projects funded against a target of three), and strengthening the role of fisheries communities in local development and the governance of local fisheries resources (six projects funded against a target of two).

Table 3.5: EMFF priorities, targets, and achievements, 2014-2020

Priority	Target	Achieved
Add value, create jobs, and promote innovation at all stages of the fisheries and aquaculture seafood supply chain	4	5
- Number of new added value initiatives in the fisheries and aquaculture supply chain		
Support diversification within the fisheries and aquaculture sectors	3	5

²⁴ This refers to most recent outcomes achieved; updated at March 2021 by SIC

Table 3.5: EMFF priorities, targets, and achievements, 2014-2020

- Number of diversification projects creating greater sustainability in the fisheries and aquaculture sectors		
Support lifelong learning and job creation in fisheries areas		
- Number of initiatives encouraging new skills and transfer/preservation of existing skills	3	5
Strengthening the role of fisheries communities in local development and the governance of local fisheries resources		
- Number of initiatives improving governance of local resources	2	6
- Number of new jobs created (actuals)	3	11
- Number of existing jobs safeguarded (actuals)	6	1

Source: Shetland LDS, 2014-2020; Shetland Islands Council Data, August 2020

Performance of the Shetland LDS against Scottish Government Priorities

3.37 The above analysis depicts the breadth and number of projects against LDS priorities. These priorities align with and flow from the Scottish Government's broader national priorities and targets for LEADER and EMFF programme delivery. These include the following:

- improving local services and facilities;
- contributing to inclusive growth (including delivery against Scottish Government priorities of improving wellbeing and reducing child poverty);
- low carbon actions, enhanced biodiversity, landscape, heritage and environments;
- empowering communities and/or strengthening community capacity;
- reaching hard to reach groups; and
- strengthening partnership working and creating networks.

3.38 Of the 37 LEADER projects which have been delivered, some 29 have improved services and facilities for local communities. Just over half are projects which have successfully strengthened community capacity and/or empowered local communities and groups. A third of projects have addressed environmental, biodiversity and landscape or heritage priorities and a fifth have, via their planning and delivery, improved partnership working and/or have created important local networks. A smaller number of projects have improved the health and wellbeing of their local community and young people, notably, Scalloway Preschool's Outdoor Classroom and Mind Your Head: a local charity promoting and providing mental health support for all ages.

3.39 With respect to the 17 supported EMFF projects, a number of the Scottish Government's priority areas have been addressed. This includes seven projects which have addressed the areas of low carbon, environment or biodiversity. A further four projects have improved local facilities and a similar number have benefited from the creation of networks and improved partnership working resulting from the project.

3.40 The LEADER and EMFF projects have individually and collectively contributed to the wider inclusive growth ambitions of the Scottish Government through building both local community and business capacity to drive equity of access and participation and provide job opportunities and partnership working for all of Shetland.

3.41 Further discussion on some of the specific projects is contained in Chapter 4.

Programme budget and expenditure

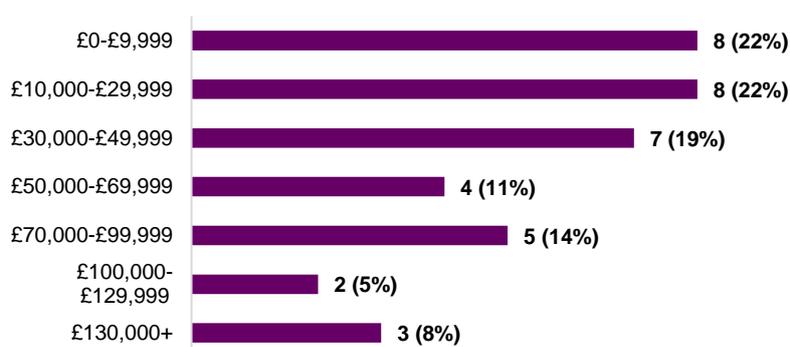
LEADER

3.42 The total available LEADER grant budget was £2.46 million. Of this total, some £1.956 million in grant support has been allocated to projects; the remainder around £504,000 being allocated to programme administration and staff costs. Total approved project costs amounted to some £5.071million leveraging in some £3.129million of match funding.

3.43 On average, LEADER funding has covered 38% of total project costs. The majority of projects (22) received LEADER funding amounting to around or equal to 50% of their total costs with three projects receiving a grant of more than 50% of their project costs.

3.44 Figure 3.5 shows the spread of grant spend across all projects. Almost two-thirds of projects received grants below £49,999. Around 22% of projects received grants of up to £10,000, with the same proportion receiving grants between £10,000 and £29,999. The average grant size approved was around £53,000, ranging from £2,500 (the smallest grant awarded) to £325,700 (the largest).

Figure 3.5: Approved projects by grant size band, 2014-2020



Source: Shetland Islands Council Data, August 2020

3.45 All of the LEADER grants budget had been allocated to projects as of August 2020. The award profile is shown at Table 3.6 below: 8% in 2016, 32% was awarded to projects in 2017, some 9% in 2018 and 46% in 2019; only 2% of grants so far have been awarded to projects starting in 2020 – however, this only accounts for projects up to and including January 2020.

3.46 Community projects have received the most funding at 65%, with SME projects receiving 15% of the total budget awarded to date and Farm Diversification (8%). Of the five projects that received over £100,000, four were Community projects (the other one being Farm Diversification).

Theme	2016	2017	2018	2019	2020 ²⁵	All Years
Community	£5,420	£649,293	£169,821	£454,787	£0	£1,279,320
SME	£0	£33,614	£0	£200,664	£30,845	£265,123
Tourism	£0	£0	£14,127	£180,793	£0	£194,920
Farm Diversification	£153,449	£0	£0	£0	£0	£153,449
Cultural/Heritage	£0	£0	£0	£63,621	£0	£63,621
Total Project Costs	£158,869	£682,906	£183,948	£899,865	£30,845	£1,956,433*

Source: Shetland Islands Council Data, August 2020

*Excludes administration costs of £505,771

3.47 Funding approvals ceased in 2018 but surplus LEADER budget was available centrally allowing Shetland to bid in centrally for more funds. All final claims for projects must be submitted and paid by the end of March 2021.

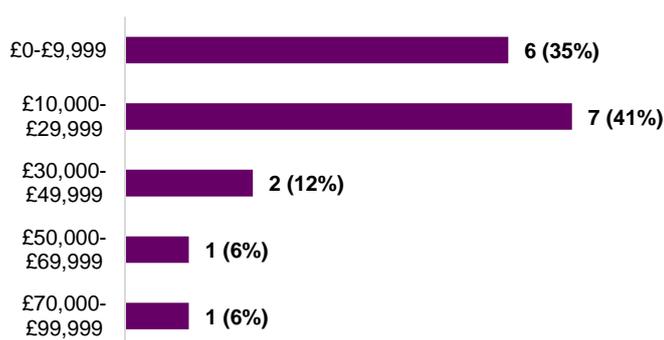
3.48 As of August 2020, total grants claims amounted to £1.582million, some 80.9% of total grants approved.

EMFF

3.49 The total EMFF grant budget was £485,000. At August 2020, 89% of this has been allocated to approved projects, leaving a budget of around £54,000 still to be allocated. Total approved project costs amounted to some £660,836 with match funding of some £230,000. At the time of writing a further four projects have been approved and submitted to Marine Scotland for final award which will mean all funding will have been allocated by the end of December 2020. The average intervention rate was 65% with projects attracting either 100% (research projects) 80% or 50 % of total approved project costs.

3.50 Figure 3.6 shows the spread of grant spend across all EMFF projects. Over three-quarters of projects received funding of below £29,999 (76%). Around 35% received a grant of up to £10,000, with 41% of projects awarded grants of between £10,000-£29,999. The average grant size approved was £25,000, ranging from £8,000 (the smallest grant) to £77,000 (the largest).

Figure 3.6: Approved projects by grant size band, 2014-2020



Source: Shetland Islands Council Data, 2020

3.51 Of the grants allocated to projects 44% was in 2017 and 56% in 2018, as shown in Table 3.7.

²⁵ Data for 2020 does not include the full year, only up to and including projects which began in January 2020

3.52 Grant awards have been fairly evenly spread across each EMFF theme. Industry projects have received the most funding at 37%, with SME projects (34%) and Research (29%) also receiving significant proportions of the grant allocation to date.

3.53 There has been less variation in award values for EMFF, compared to LEADER, with the majority of awards falling between £15,000 and £30,000.

Theme	2017	2018	All Years
Industry	£64,002	£96,907	£160,909
SME	£53,070	£92,714	£145,784
Research	£73,347	£50,810	£124,157
Total Project Costs	£190,419	£240,431	£430,850

Source: Shetland Islands Council Data, 2020

3.54 The EMFF programme budget must be committed in full by the end of December 2020 with submission of final project claims to Marine Scotland anticipated before the end of 2021.

4 Effectiveness of Programme Delivery and Management

Introduction

4.1 This chapter examines the effectiveness of the LEADER and EMFF programmes' management and delivery arrangements based on feedback from consultations with project delivery staff, LAG and FLAG members and primary research with project beneficiaries. It covers programme governance arrangements, targeting and awareness raising, support and guidance, projects and targets and partnership working.

Governance arrangements

4.2 The LAG and FLAG are seen as a key success of the programme. Each Group was considered to have a strong mix of representatives from across the public, private and community sectors. Some members of both the LAG and FLAG had been involved in previous LEADER (including LEADER Plus) and EMFF programmes so this past experience of application processes and monitoring of programme delivery was advantageous. This allowed experience to be built upon and long running commitments to delivering change in the programme area to be continued.

4.3 The mix of public, private and third sector representatives on the LAG allowed for effective input to both community applications and business applications. Industry members on the FLAG were felt to be particularly useful by public sector officers as their technical knowledge was important for some project appraisals. FLAG representation has changed through the period but was generally widely represented, although SIC had struggled to attract new members at the programme outset and faced some ongoing issues engaging private sector members as a result of the time commitments required for meetings and application reviewing.

“The LAG/FLAG model has been great”

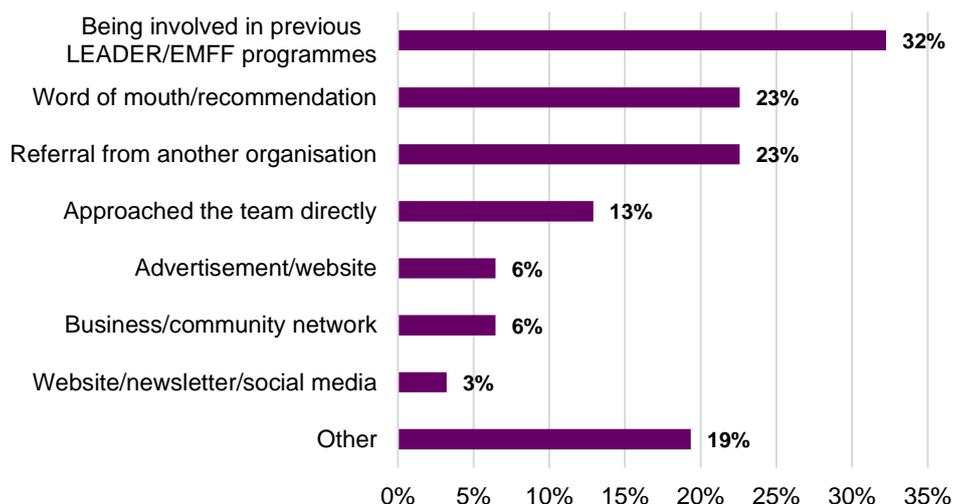
“The LAG has been very strong in terms of driving the programme”

4.4 LAG and FLAG members were considered a valuable resource for their breadth and depth of experience and the benefits of the local action group approach were the ability to draw on members' local knowledge and align the programme to other support as a result of members' experience of other funding sources.

Targeting and awareness raising

4.5 Shetland is a network of small communities and it is felt that good relationships exist between them and the local authority and other partner organisations. The funding landscape is relatively well known to local organisations and businesses, many of whom were aware of or had received support in previous programmes; word of mouth is also strong across the islands. However, some proactive marketing was undertaken at the programme outset, in the case of LEADER e.g. exhibiting at all Agricultural Shows and the annual Food and Drink event and promotion to the National Farmers Union. In addition, liaison with SIC's Community Development Team and Business Gateway staff ensured that programme information was disseminated to local businesses and community organisations this way also.

4.6 Project beneficiaries' survey responses confirmed the above as shown at **Figure 4.1** below



"I approached the council... no other funding suited so they suggested LEADER"
"It was the natural place to go, LEADER has been in Shetland for a long time"
"Already knew of and was involved in previous programmes"
"Heard about it through a business network"

Programme priorities and eligibility criteria

4.7 There was an overwhelming view that the Shetland LDS was, at the time of its development, an accurate reflection of the needs and priorities of Shetland and its communities and businesses. It was well aligned to national and local strategies alike thus the priorities for intervention were felt to be the correct ones by all consulted. There were no significant changes to those in previous programmes, but the priorities were wide ranging enough to allow the flexibility needed to accommodate most projects. Both LEADER and EMFF delivery teams stated that projects were in the main a reflection of local need and demand rather than LDS priorities directly.

4.8 Both programmes at the national level did not change much between 2014 and 2020, however, the wider funding landscape has. Consultees stated they had seen a fall in the amounts of funding available from the likes of the Lottery, SIC and HIE which has meant that LEADER and EMFF became a vital or only source of funding for some organisations.

4.9 However, LEADER was considered as a relatively challenging funding source. Although eligibility criteria are open to relatively broad interpretation the application process around this was challenging for smaller organisations. Perceptions were that there had seen some changes mid-way through the programme.

*"Found the criteria for funding somewhat restrictive."
"Unexpected extra costs from contactors which fund didn't cover. Have had to pay back in instalments and Covid19 has made this harder"
"LEADER application process and eligibility criteria caused a lot of problems- help from LEADER staff helped offset at least some of these difficulties"*

4.10 Feedback suggests that project application processes have been based on the Scottish Government's interpretation of EU rules which, in some instances, have been overly onerous for example, e.g. the need to obtain three quotes for purchases relating to both capital build and revenue projects, irrespective of the type or size of the project. Similarly, there is no provision for funding project contingencies which may arise. However, there has been provision in Shetland for the LEADER grant award to be increased under certain circumstances. In terms of EMFF eligibility criteria it was felt there had maybe been less scope to support community projects.

4.11 However, overall, almost two thirds of survey respondents felt satisfied or very satisfied about the clarity of both programmes' eligibility criteria.

4.12 With respect to projects supported, geographical take up seemed well spread, including islands with small populations for both LEADER and EMFF. It was felt there were no obvious gaps in project coverage with:

"good outreach to smaller communities".

4.13 There were steady levels of demand early on with LEADER funds being allocated by the end of 2018 with additional funds secured from central surplus.

4.14 EMFF got off to a quick start as there was continuity of FLAG delivery staff and some FLAG members and because the funds were very similar to those in the previous programme; Shetland did well in terms of committing funds early. EMFF funds will be completely disbursed towards the end of the programme. There was less funding available for large corporate businesses as they were more likely to use main Scottish EMFF due to their size.

Support and Guidance

4.15 Consultees consistently shared their positive views on the SIC delivery team and provided considerable praise for each member on an individual basis. There was significant recognition of the role that the team played in ensuring local engagement, and the hands-on approach taken to project development and beneficiary support.

"During the development of the grant application the Shetland based team proved helpful and provided advice when required."

4.16 The two stage application process, i.e. an expression of interest followed by a full application, was felt by both delivery team staff and LAG and FLAG members to be an effective way of ensuring that applicants thought through the basic principles of their project, meeting eligibility criteria and thus had a better chance of gaining approval at the full application stage. This has been evidenced by the fact that 80% of EMFF project proposals translated into full grant applications. Both delivery teams' staff tended to provide a lot of guidance and support to potential applicants at this stage to ensure fit with the LDS' priorities and programme eligibility criteria.

4.17 The delivery team's support was also deemed necessary and very helpful at the full application stage, for LEADER in particular. The LARCs online application system was considered by all consulted to be very difficult to work with, inflexible and overly complicated especially from a beneficiary perspective. It required a certain degree of IT literacy to be able to work with it, even the application form was considered to be difficult to understand. Programme management staff felt that the manual system of the previous programme was much more fit for purpose. It was also felt that the highly bureaucratic nature of LEADER had deterred some potential applicants from applying.

"Without assistance from Business Gateway and LEADER staff we would not have been able to successfully complete the application/application form"

4.18 In comparison, Marine Scotland's online application system for EMFF projects was thought to be a more user friendly and simple system albeit it could be further improved.

"Leader is more challenging than EMFF"

4.19 Over half of all beneficiaries were dissatisfied or very dissatisfied with the online application systems.

"Application process was difficult, online was clunky and hard to use and took a while to get into the LEADER process mindset."

"It seems to be the same process whether you are applying for a small amount or a very large amount."

"The process would have been very overwhelming without their support. "

"Compares unfavourably with the application processes of HIE and SIC"

4.20 Beneficiary feedback across a number of aspects of project delivery and management suggests that a majority were satisfied or very satisfied with most aspects of the programme, from project delivery processes to the LEADER and EMFF teams' understanding of project issues and needs.

4.21 The extent to which team members have formed relationships with beneficiaries and worked alongside projects to ensure successful delivery was also noted, including to meet project deadlines. Specifically, the quality of the information and the type of funding available was deemed excellent with 90% of survey respondents stating they were satisfied or very satisfied. Some also stated that the team signposted them to wider opportunities for funding, going beyond the level of support provision that they expected.

4.22 The only exception to this positive feedback was the grant claiming process where around half of survey respondents felt this was problematic and quite lengthy and required a certain degree of guidance and support from the delivery team; this was a particular issue for EMFF grants which are paid directly from Marine Scotland and not via SIC which meant there was a timelag between grant claim submissions and payment.

4.23 The delivery team's role in supporting the LAG and FLAG was also acknowledged. Both LAG and FLAG members reported that they were very happy with level of information, guidance and support provided by the team.

Project portfolios

LEADER projects

4.24 Both LAG members and delivery team staff agreed that there had been a good mix of projects and accompanying benefits i.e. community assets, health, and economic participation.

4.25 LEADER has helped deliver both the Shetland LDS and Scottish Government national programme priorities as well as wider SIC and HIE priorities by developing community assets and organisations' resilience, enabling them to increase their income and user numbers. LEADER funding has also been used to invest in new buildings and making improvements to community assets which other sources cannot fund. A key legacy is the number of enhanced facilities and businesses which can now move onto further projects/development in future years.

4.26 LEADER projects also reflected a good mix of projects in terms of geographical spread and split between business and community projects. However, co-operation projects were harder to establish and be managed because they are based on collaboration with organisations based outside Shetland. Tourism is important to the rural economy and LEADER funding has been very important for tourism led projects. Consultees agreed that funding has brought great benefits to rural communities and without it in the future there would be a void in the funding landscape.

“Can't stress how important LEADER funding has been”

4.27 The programme *“made projects possible”* that would otherwise struggle to start up in the rural economy, for example, smaller organisations which required six figure investments.

4.28 Particularly notable projects include:

- 'Mind Your Head' – a mental health initiative now embedded in the delivery of community services and able to develop and progress
- Hillswick Wildlife Sanctuary, Levenwick Village Club Campsite and Mackenzies Farm Shop and Café (having created 4 full-time and 14 part-time jobs) were successful and diverse projects with a strong tourism link which improved the visitor offering and increased visitor numbers to each of the projects.
- Shetland Recreational Trust built a new state of the art gym and improved the entrance to the Clickimin leisure centre, the transformational project made the facility more accessible particularly for those with mobility issues who had limited access to the previous facilities.
- Upgrades were undertaken to 7 Community halls and numerous other community assets from across Shetland, including 2 community piers and 2 community museums/visitor centres, Each of these assets is at their heart of their community.

EMFF projects

4.29 The programme has provided support for improved fisheries management, to preserve natural assets and to support the marine environment. Benefits and impacts reported by consultees include job creation, improved business capacity and support of the local supply chain, an improved skills base and the empowering of communities, all of which support wider Scottish Government programme priorities. Support has allowed small/new businesses to develop and has increased the timeframe to carry out some projects.

“A lot wouldn't have got off the ground otherwise”.
“Allowed to push ahead to where they otherwise couldn't”.
“There is a need for the funding to be able to capitalise on opportunities”.
“Typical cost benefit analysis of developments does not work for rural communities”

4.30 There were a number of strategic projects, including for example, grading machine trials for fish pricing, a feasibility study for a Shetland Seafood Marketplace, and NAFC research projects, some of which have fed into wider Scottish research with the Scottish Association for Marine Science.

Potential to add further value

4.31 Whilst partners were positive about the portfolio of supported projects and what the programme has been able to achieve, two key opportunities to gain further value through the delivery of future similar programmes were identified. Firstly, was the need to ensure that successor programmes' priorities and eligibility criteria were further aligned with other funding streams (for LEADER type funding in particular) in order to adopt a more place-based approach to economic and community development.

4.32 Considering programme fit with other elements of the local support offer: the scope for further signposting to additional business support and advice at the local level was identified (either alongside LEADER or EMFF projects, or as standalone activity).

Programme delivery

4.33 There was a general view that the programme has been well managed by SIC with the delivery team staff highly praised in their dealings with project beneficiaries and the support provided to the LAG and FLAG in terms of providing programme reporting and budget updates.

4.34 At a national level, there is a high degree of confidence in SIC's monitoring of programme and project implementation and financial management. There are challenges, however at the local level within the delivery team around accurately monitoring project and overall programme outcomes for both LEADER and EMFF.

4.35 Reporting requirements to Scottish Government relate in the main to financial expenditure and grant payments. Reporting against the LDS and business plan targets is conducted mainly for SIC by LAG staff and is not a part of the current online management systems LARCs. The latter is considered to have been inadequate in tracking both financial and activity and outcome targets.

4.36 A more formalised monitoring and evaluation framework would allow for the more accurate capture of programme outcomes, impacts and wider business, social and health benefits.

4.37 As discussed in Chapter 3 both LAG and FLAG have met the majority of the targets set in the Shetland LDS. However, feedback suggests that since programme funds had not been allocated to specific priority areas, it was more difficult to set specific targets and thus it had been relatively easy to meet those set. In addition, as many organisations had a mixture of funding from various sources it was easier for them to deliver projects on time and in full and achieve target outcomes.

4.38 A consideration of the impact of the COVID19 pandemic on delivery has shown whilst a few projects, in the main capital builds and projects involving events or co-operation, have been affected, no projects have been cancelled or decommissioned to date and deadlines have been extended for final grant claims.

4.39 However, 46% of project beneficiaries surveyed have predicted that they will have emerging support requirements:

"Next year is predicted to be difficult... we will have to restructure our activities"
"We will require support to encourage people to come back to the area, despite Covid-19"
"Our requirements in the future may rise, but the long-term effects of Covid-19 are yet to be seen"

Partnership working and fit with wider funding landscape

4.40 Feedback suggests that partnership working across the programme has been effective; many of the organisations involved have shared aspirations for Shetland, and the programme has been generally well aligned to local strategies.

4.41 There have in many cases been working relationships outside of the programme and are involved in other joint initiatives. As discussed earlier the promotion of the current programme benefited from these organisations' word of mouth and networking activity and the operation of the LAG and FLAG has benefited from a partnership approach through the sharing of local knowledge and alignment and signposting to other support as a result of members' experience of other funding sources.

4.42 The levels of interaction between the private, public and third sectors was highlighted as a real positive as members' experience was that this did not always happen on other partnership driven initiatives or programmes. According to consultees it has also increased communication and network building across Shetland

4.43 Project beneficiaries have also cited partnership working as a benefit of programme funding and project development and delivery.

"Working with new partnerships for multiple projects"
"Working with Shetland Seafood and it feels a good working relationship has now developed with them as supplier"
"Has benefited relationships between science and industry"
"The industry is now working collectively towards a common goal"
"Now working collaboratively; a third-sector forum has been set-up."

4.44 With respect to those organisations involved in managing and delivering LEADER, however, there was a view that the programme could be better integrated with the wider business and other support available and a more holistic view adopted of all funding sources and support when considering and appraising projects for funding.

4.45 For example, it is acknowledged that the LEADER application process is too arduous for those organisations with smaller budgets or a more complex project make-up where there may be a number of work packages with different suppliers, each requiring relevant evidence and quotes but there is a lack of knowledge amongst organisations of smaller funds available for such community groups with lower budgets or complex projects. Another example cited is the potential overlap between LEADER

and Scottish Government support for broadband and food grants where the former is not a competitive fund, so applicants tend to go there rather than to LEADER.

4.46 FLAG members and the delivery team felt that FLAG funding fits well into the wider funding landscape; they were very aware of other sources of funding which project applicants could be signposted to should funds under their control not be suitable, i.e. main EMFF sources which include Aquaculture Processing and Marketing or Fishing Vessel Energy Improvements, or SIC's economic development grants. All consultees felt that there is not much overlap between what EMFF can fund and what other organisations can. HIE (as the strategic lead for aquaculture) is considered as a key sign poster to funding for aquaculture related investments whilst SIC is also an important player because of the significance of fisheries to its economy.

4.47 However, it was felt that individual organisations were unlikely to be aware of all options available.

“the funding landscape is still very confusing outside of the public sector”

4.48 In order to make the best use of scarce, local public sector resources and to signpost to more external funding, more information for organisations and businesses on all available funding sources would be useful; it is felt that this could be better managed through a single conduit like Business Gateway or similar.

5 Benefits and impacts

Introduction

5.1 The assessment of economic impacts and wider benefits is based on the responses to the telephone interviews and online survey. Separate analysis has been produced for LEADER and EMFF projects.

5.2 The economic impact calculations for LEADER are based on a survey of a sample of the assisted projects. The sample included projects that are less likely than others to generate economic impacts. However, their inclusion within the sample means that it is representative and therefore valid to gross up from the sample to the total population (37) of LEADER projects. The LEADER economic impacts are based on a small absolute number (16) of projects however, and therefore, some caution should be attached to the grossed-up estimates for the 37 projects as a whole.

LEADER

Quantified economic impacts

Gross Impacts

5.3 Of the 21 organisations in the survey sample that received LEADER funding 16 provided information on employment *created* to date and 16 provided information on employment *sustained* to date. In addition, 16 provided a forecast of employment that would be *created* within the next three years and 16 provided a forecast of employment that would be *sustained* within the next three years.

5.4 For impacts *achieved to date*, the total employment for these organisations was:

- Created: 11.1 FTE (Full Time Equivalent) jobs.
- Sustained: 15.7 FTE existing jobs.

5.5 This totals **26.3 FTE jobs**, an average of around 1.7 FTE per project.

5.6 The forecast future jobs that the organisations had *not achieved yet but anticipated* were estimated as:

- Created: 5.0 FTE jobs.
- Sustained: 3.0 FTE existing jobs.

5.7 This gives a total **forecast employment impact of 8 FTE**. That is, an average of 0.5 FTE per organisation.

5.8 In total this represents **34.3 FTE jobs** directly attributed to organisations in the survey sample.

Total Impacts for All LEADER Assisted Organisations

5.9 Not all organisations that received LEADER funding took part in the survey, while some that participated did not provide information on employment impacts as employment was not a project objective for example.

5.10 The survey results shown above have been grossed up to the total population of 37 LEADER projects. This produced an estimate of the employment impact of the programme as a whole which is set out at **Table 5.1**.

5.11 This shows a total of 62 FTE jobs to date-most of which are sustained rather than created-plus a total of 19 FTE forecast within the next three years. Assuming the latter are achieved then the total impact within three years would be 81 FTE jobs.

Table 5.1: Estimate of gross employment impacts (FTE) for all LEADER projects		
Achieved to date		
Created	Sustained	Total
26	36	62
Forecast within the next three years		
Created	Sustained	Total
12	7	19
Achieved plus Forecast		
Created	Sustained	Total
38	43	81

Net Impacts

5.12 Net impacts are the impacts that would not have occurred if the LEADER programme did not exist.

5.13 The survey asked respondents “If you had not received a grant, what would you have done to try and secure funding and deliver the project?”. The responses to this question are shown at **Table 5.2**. Respondents were able to select more than one of the options presented to them.

Table 5.2: Action taken if had not received a LEADER grant		
Action	Number of Responses	Share of Respondents (n=21)
Not sought funding/project would not have proceeded	14	67%
Reduced the scale of the project	6	29%
Sought alternative support from elsewhere	3	14%
Project would have proceeded but completed later	1	5%
No difference, project would have proceeded as planned	0	0%
Reduced the quality of the project	0	0%

5.14 The result shows a high level of additionality. Two thirds (67%) of the organisations would not have sought funding/their project would not have proceeded if they had not received LEADER funding. In contrast, none stated that their project would have proceeded as planned without LEADER support.

5.15 Some 29% stated that the project would have proceeded but to a smaller scale, while 14% would have sought alternative support from elsewhere.

5.16 Survey respondents were also asked to estimate the proportion of the benefits of their project that would still have been achieved in the absence of LEADER funding. Fourteen of the organisations that supplied quantified employment information answered this question. Their responses are shown at **Table 5.3**.

Table 5.3: Proportion of project benefits that would have been achieved without LEADER funding		
Proportion	Number of Responses	Share of Respondents

Table 5.3: Proportion of project benefits that would have been achieved without LEADER funding

Less than 25%	12	86%
More than 75% but less than 100%	1	7%
Don't know	1	7%
TOTAL	14	100%

5.17 The vast majority of organisations stated that less than 25% of the project benefits would have been realised without LEADER assistance. Thus, more than 75% of their benefits were attributable to the programme. Again, this shows the high level of additionality of LEADER.

5.18 The results at **Table 5.4** were applied to the gross impacts (at **Table 5.1**) on a case by case basis in order to estimate net impacts. These are set out below

5.4: Estimate of net employment impacts (FTE) for all LEADER projects		
Achieved to date		
Created	Sustained	Total
21	30	51
Forecast within the next three years		
Created	Sustained	Total
10	6	16
Achieved plus Forecast		
Created	Sustained	Total
31	36	67

5.19 This shows a total of **67 FTE net jobs**, assuming that those forecast are also achieved. That compares to 81 FTE gross jobs shown at **Table 5.1**, reflecting the high levels of additionality reported by survey respondents.

Other impacts

5.20 The survey also sought information on a range of other impacts. The number of responses was relatively small and does not form a sufficiently sound basis for grossing up the results or estimating net impacts. Therefore, we simply report the survey results below.

5.21 Other impacts achieved to date are set out at **Table 5.5**

Table 5.5: Other impacts achieved to date

	Number of additional products/services developed	Increased sales/turnover/income	Increased profit	Increased user numbers
Number of Responses	13	15	8	14
Number Reporting an Impact	7 (54%)	5 (33%)	2 (25%)	10 (71%)
Number Quantifying the Impact	6	4	2	5
Total Impact	13	£396,000	£11,200	727
Range of Impacts per project	1-5	£6,000-£350,000	£1,200-£10,000	3-480

5.22 Other impacts anticipated within the next three years are shown at **Table 5.6**

Table 5.6: Other impacts anticipated within next three years				
	Number of additional products/services developed	Increased sales/turnover/income	Increased profit	Increased user numbers
Number of Responses	13	15	9	15
Number Reporting an Impact	3 (23%)	5 (33%)	4 (44%)	7 (47%)
Number Quantifying the Impact	0	5	4	3
Total Impact	-	£73,000	£24,100	504
Range of Impacts per project	-	£5,000-£20,000	£2,000-£15,000	4-300

EMFF

Quantified Economic Impacts

Gross impacts

5.23 Of the 10 organisations in the survey sample that received EMFF funding 4 provided information on employment *created* to date and 7 provided information on employment *sustained* to date. In addition, 4 provided a forecast of employment that would be *created* within the next three years and 8 provided a forecast of employment that would be *sustained* within the next three years.

5.24 For impacts *achieved to date*, the total employment for these organisations was:

- Created: 3.3 FTE jobs.
- Sustained: 17.8 FTE existing jobs.

5.25 In addition were the forecast future jobs that the organisations had *not achieved yet but anticipated*. These were estimated as:

- Created: 3.0 FTE jobs.
- Sustained: 11.0 FTE existing jobs.

Total Impacts for All EMFF Assisted Organisations

5.26 Not all organisations that received EMFF funding took part in the survey, while some that participated did not provide information on employment impacts.

5.27 The survey results shown above have been grossed up to the total population of 17 EMFF projects. The sustained employment figures above include a single organisation that accounted for more than half the total gross impacts. Due to this it was excluded from the grossing up calculations.

5.28 The total employment impact figures are given at **Table 5.7** rounded to whole numbers.

Table 5.7: Estimate of gross employment impacts (FTE) for all EMFF projects

Achieved to date		
Created	Sustained	Total
14	28	42
Forecast within the next three years		
Created	Sustained	Total
13	13	26
Achieved plus Forecast		
Created	Sustained	Total
27	41	68

5.29 This shows a total of **42 FTE jobs** to date, most of which are sustained rather than created plus a total of **26 FTE forecast** within the next three years. Assuming the latter are achieved then the total impact within three years would be **68 FTE jobs**.

Net Impacts

5.30 Net impacts are those impacts that would not have occurred if the EMFF programme did not exist.

5.31 The survey asked respondents “If you had not received a grant, what would you have done to try and secure funding and deliver the project?”. The responses are shown at **Table 5.8**. Respondents were able to select more than one of the options presented to them.

Table 5.8: Action would have taken if had not received EMFF grant

Action	Number of Responses	Share of Respondents (n=10)
Not sought funding/project would not have proceeded	7	70%
Other (not stated)	2	20%
Reduced the scale of the project	1	10%
Project would have proceeded but completed later	1	10%
No difference, project would have proceeded as planned	0	0%
Sought alternative support from elsewhere	0	0%
Reduced the quality of the project	0	0%

5.32 This shows a high level of additionality. Some 70% would not have sought funding/their project would not have proceeded without EMFF funding, while none stated that their project would have proceeded as planned without EMFF support.

5.33 Survey respondents were also asked to estimate the proportion of the benefits of their project that would still have been achieved in the absence of EMFF funding. Seven of the organisations that supplied quantified employment information answered this question.

5.34 Their responses are shown at **Table 5.9**.

Table 5.9: Proportion of project benefits that would have been achieved without EMFF funding

Proportion	Number of Responses	Share of Respondents
Less than 25%	5	71%
25%-50%	1	14%
Don't know	1	14%
TOTAL	7	100%

5.35 A clear majority of organisations stated that less than 25% of the project benefits would have been realised without EMFF assistance. Thus, more than 75% of their benefits were attributable to EMFF. Again, this shows the high level of additionality of the programme.

5.36 The results at **Table 5.9** were applied to the gross impacts (at **Table 5.7**) on a case by case basis in order to estimate net impacts. These are set out at **Table 5.10**

Table 5.10: Estimate of net employment impacts (FTE) for all EMFF projects

Achieved to date		
Created	Sustained	Total
12	24	36
Forecast within the next three years		
Created	Sustained	Total
11	11	22
Achieved plus Forecast		
Created	Sustained	Total
23	35	59

5.37 This shows a total of **59 FTE net jobs**, assuming that those forecast are also achieved. That compares to 68 FTE gross jobs shown at **Table 5.7**, reflecting the high levels of additionality reported by survey respondents.

Other impacts

5.38 The survey also sought information on a range of other impacts. However, the number of responses was relatively small and do not form a sufficiently sound basis for grossing up the results to the full population of EMFF projects or estimating net impacts. Therefore, we simply report the survey results below.

5.39 Other impacts achieved to date are set out at **Table 5.11**.

Table 5.11: Impacts achieved to date

	Number of additional products/services developed	Increased sales/turnover/income	Increased profit	Increased user numbers
Number of Responses	7	5	3	5
Number Reporting an Impact	6 (86%)	3 (60%)	3 (100%)	2 (40%)
Number Quantifying the Impact	6	2	2	2
Total Impact	7	£47,500	£7,250	12

Table 5.11: Impacts achieved to date

Range of Impacts per project	1-2	£5,000-£42,500	£3,000-£4,250	2-10
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5.40 Other impacts anticipated within the next three years are shown at **Table 5.12**.

Table 5.12: Impacts anticipated within the next three years

	Number of additional products/services developed	Increased sales/turnover/income	Increased profit	Increased user numbers
Number of Responses	7	3	4	5
Number Reporting an Impact	2 (29%)	0 (0%)	0 (0%)	0 (0%)
Number Quantifying the Impact	2	0	0	0
Total Impact	3	0	0	0
Range of Impacts per project	1-2	0	0	0

Wider benefits

5.41 The survey also asked respondents to provide information on wider benefits that they have either already achieved, or not achieved yet but anticipate. Eighteen LEADER funded organisations provided information on this.

5.42 **Table 5.13** shows the wider benefits that were reported as already achieved.

Table 5.13: Wider benefits already achieved

Benefit	Number of Responses	Share of Respondents
Increased access to local natural and built heritage	10	56%
Used under-utilised community assets	8	44%
Generated revenue for social enterprises	7	39%
Utilised Shetland's cultural heritage	7	39%
Enabled disadvantaged individuals to play an active role	5	28%
Develop the skills of young people (under 25)	5	28%
Provided energy saving solutions	3	17%
Assisted micro businesses	2	11%
Used technology to mitigate the effects of distance and peripherality	2	11%
Increased food and drink production in local communities	2	11%
Examined new carbon reduction techniques	1	6%
Increased installed renewable energy capacity	1	6%
Increased co-operation with other LAGs	1	6%
Assisted women	1	6%
Contributed to economic development plans	1	6%
<i>Other</i>	4	22%

N= 18

5.43 The four most commonly reported ones relate to either aspects of local culture or community assets/revenue for social enterprises. Each of these was mentioned by between 39% and 56% of respondents. The other most common benefits related to assisting young people or disadvantaged individuals.

5.44 **Table 5.14** describes the wider benefits that the organisations anticipate will occur in the future.

Table 5.14 Future wider benefits anticipated		
Benefit	Number of Responses	Share of Respondents
Provided energy saving solutions	3	17%
Enabled disadvantaged individuals to play an active role	2	11%
Contributed to economic development plans	2	11%
Develop the skills of young people (under 25)	2	11%
Used under-utilised community assets	2	11%
Examined new carbon reduction techniques	1	6%
Increased co-operation with other LAGs	1	6%
Assisted women	1	6%
Generated revenue for social enterprises	1	6%
Utilised Shetland's cultural heritage	1	6%
Increased food and drink production in local communities	1	6%
Increased access to local natural and built heritage	1	6%

N=18

5.45 The survey asked respondents to provide information on wider benefits that they have either already achieved, or not achieved yet but anticipate. Eight organisations provided information on this.

5.46 Qualitative feedback gained from the in-depth telephone interviews with beneficiaries included the following:

<p><i>“Young people are more involved due to the marine aquarium, able to learn about marine life and local culture and history; more use of the pier by the local community, young people, yachters, anglers etc. and improved facilities” (Skeld Pier upgrade)</i></p> <p><i>“The hall is used by the local history group and rowing team; health/social benefits of the gym; volunteering benefits of the volunteers; recycling through a scrap store as people donate unwanted items” (Aald Skul)</i></p> <p><i>“Increased mental health service provision, engaged with more people than planned, as many men as women also engaged; identified people in Shetland in caring positions” (Mind Your Head)</i></p> <p><i>“Will provide jobs for young people in future” (Hoswick Visitor Centre)</i></p>

5.47 **Table 5.15** shows the wider benefits that were reported by **EMFF** funded organisations as already achieved.

Table 5.15: Wider benefits already achieved

Benefit	Number of Responses	Share of Respondents
Increased food and drink production in local communities	5	63%
Strengthened development and governance of local fisheries resources	4	50%
Assisted micro businesses	3	38%
Used technology to mitigate the effects of distance and peripherality	3	38%
Added value and increased innovation in the supply chain	2	25%
Supported diversification in the seafood sectors	2	25%
Provided energy saving solutions	2	25%
Contributed to economic development plans	2	25%
Develop the skills of young people (under 25)	2	25%
Reduced transport emissions	1	13%
Assisted women	1	13%
Used under-utilised community assets	1	13%
<i>Other</i>	2	25%

N=8

5.48 The two most commonly reported impacts were increased food and drink production in local communities and strengthened development and governance of local fisheries resources.

5.49 In terms of the wider benefits that the organisations anticipate will occur in the future, a broad range was reported by some eight respondents. These included, for example:

- Added value and increased innovation in the supply chain
- Used technology to mitigate the effects of distance and peripherality
- Develop the skills of young people (under 25)
- Increased installed renewable energy capacity

5.50 Qualitative feedback gained from the in-depth telephone interviews with beneficiaries included the following:

*“The mussel spat production project will allow more production for local supply chain”
(Olasvoe Shellfish)*

“The Otter Trawl Cod Escape Panel will allow fishermen to fish legally for longer in designated fishing areas by minimising dumping” (NAFC Marine Centre UHI)

“The enhanced harmful algal bloom project has brought other organisations to Shetland from Spain, Portugal, Plymouth, Galway to learn from it” (Seafood Shetland)

The impact of COVID-19

5.51 The onset of the global pandemic has had a profound effect on the economy and communities of Scotland. The true scale of this was unprecedented and the impact of COVID-19 is only starting to

become clear. For rural areas like the Shetland Islands, with dependencies on the tourism and food and drink sectors for employment and economic prosperity, this has increased the socio-economic fragility and placed limitations on community level development.

5.52 For LEADER and EMFF projects alike, 62% of respondents expected the anticipated impacts of their projects to be affected by the pandemic. Table 5.16 shows the expected effect this will have on their project plans, timelines, and impacts. Whilst no project expected that it would reduce the scale of the project impacts, several stated that they have faced reduced usage due to fewer visitors and struggled more with raising money due to temporary closures.

Table 5.16: Impact of COVID-19 on anticipated project impacts		
Impacts	Number of respondents	% of respondents
Increase the expected timeframe by which impacts will be achieved	11	50%
Make impacts harder to achieve	8	36%
Other	3	14%

N=22

6 Conclusions and lessons for future programmes

Introduction

6.1 This chapter presents the evaluation's key conclusions and lessons learned for future programme management and delivery. It also considers future support needs.

Conclusions and lessons learned

The Programme

6.2 The Shetland Islands has a long history of delivering rural development programmes through LEADER+ and LEADER II and the previous 2007-2013 programme and more recently for European maritime and fisheries support. This has stood organisations in good stead for managing and delivering the current programmes.

6.3 The current Shetland LEADER and EMFF Programmes have been successful on a number of fronts. The Shetland LDS was carefully crafted in 2014/15 through in-depth consultation with both rural and fisheries communities to produce a strategy which reflected local economic and community development needs. It has stood the test of time having had the flexibility to accommodate economic and structural changes in the local and national economy over the programme period.

6.4 Available grant funding was carefully allocated to projects which could provide the maximum benefits to Shetland's communities and businesses through a rigorous yet partnership led, bottom up approach to project development and appraisal. Management and delivery arrangements have been recognised at both national and local level as being both effective and efficient. The programme has also been clearly aligned, guided by the LDS' priorities, to other funding sources, both local and national, thereby maximising the potential resources available to organisations and businesses to develop and deliver meaningful and impactful projects.

6.5 Project beneficiaries reported, in the main, a positive experience in dealing with both the LAG, FLAG and their respective delivery teams. The level of support and guidance available from project development through to application and project delivery was highly commended.

6.6 There has been evidence of real economic impact and wider programme benefits. The programme has created **87 net additional jobs** to date with another **39** anticipated in the future. There were high levels – over 75% - of additionality associated with the funded projects.

6.7 Other impacts have included increased user numbers for some projects and facilities, increased turnover or income and new products or services developed by organisations and businesses. A number of wider benefits were also reported ranging from – for LEADER funded projects – the opportunity to set up 'demonstration' projects and increased access to local natural and built heritage to increasing the use of previously under-utilised community assets. With respect to EMFF projects, benefits cited include increased food and drink production and strengthened development and governance of local fisheries resources.

6.8 The funding and delivery of both LEADER and EMFF projects have demonstrated significant achievement against the Scottish Government's national programme priorities as detailed earlier in Chapters 3 and 4.

Key delivery and management lessons

6.9 A number of key lessons have been learned from the management and delivery of the current programme.

6.10 The community-led local development model has proven to be effective and this model should be retained for any future delivery of funding and support. A degree of flexibility should continue to be built into local development strategies to allow a wide range of funded projects to deliver against targets which have been developed based on local needs.

6.11 Eligibility criteria for a future programme needs to be better aligned to rural development objectives for Scotland and the profile of its rural and coastal communities. Programme processes must give recognition to the differing scale of individual projects and their accompanying grant requests and ensure that application and grant claiming processes are commensurate with the size of a project and/or organisation.

6.12 A more user-friendly programme management system for applications, claims and financial and performance reporting, would improve levels of satisfaction from local community organisations and businesses with the programme and satisfaction overall with the funding support. It would also help to improve programme monitoring and reporting processes.

6.13 Formal and regular monitoring and evaluation of programme outcomes and impacts is currently less of a programme priority than financial reporting. Going forward embedding relevant monitoring and evaluation criteria and appropriate performance indicators in a future Shetland LDS should be considered. These should link into the Scottish Government's National Performance Framework of outcomes.

Towards the Future

6.14 All those consulted as part of this evaluation, stakeholders and project beneficiaries alike, have firmly stated that there is a need for successor rural development and fisheries support programmes post Brexit. The form this will take is as yet unknown although there has been a commitment from government that EU funding will be replaced to the same level as in current programmes.

Future support needs

6.15 In the immediate term a number of specific needs arising from the impact of the COVID19 pandemic were identified. There is the need to build community capacity now through existing support services as there is the view that some organisations and businesses are likely to come under strain in the near future. Recovery from the pandemic will take time and it will be critical to ensure that existing and recently developed community assets are not lost or become unused.

6.16 In the medium term the future development of and investment in rural and coastal communities and economies should continue to adopt the community-led development model. Community-led decision making as well as local flexibility will be key going forward to address local opportunities and challenges particularly those arising from Brexit.

6.17 The level of funding which has been made available in the past has been hugely valuable to Shetland and there is still a need and demand for a LEADER type rural development programme going forward. There is a strong rationale for the continuation of investment and building on achievements to date. It is recognised that the new Shared Prosperity Fund may be a possible source.

6.18 There will be other new forms of funding available, however, notably Crown Estate monies managed through SIC and the Shetland Community Benefit Fund with an anticipated £2.2m from the Viking Energy wind farm, means that there will be funding for future LEADER type rural development projects.

6.19 With respect to support for fishing and aquaculture there is the view that the industry will stagnate without continual investment and that future funding should have specific allocations for areas in Scotland that are fisheries dependent.

6.20 Brexit has increased the level of uncertainty for the future but key priorities for a successor LEADER, FLAG or Community Led Local Development programme post Brexit for Shetland include:

- connectivity, mainly digital, but physical connectivity also;
- health and well-being;
- skills and capacity building in the community and for young people; and
- green recovery and net zero initiatives

6.21 In addition, a successor programme or funding source must continue to provide multi-annual funding allowing revenue projects and initiatives the time needed to design, test, develop and deliver activities over the timeframe required to maximise outcomes and benefits for local communities.

6.22 Future funding programmes must also align their support to other funding sources, for example, LEADER and Food and Drink Processing. Alignment to local circumstances and ambitions will also help to ensure the provision of the kind of support that is needed in an area like the Shetland Islands.