

**ISLANDS STRATEGIC GROUP  
MINUTE OF MEETING HELD ON 19 DECEMBER 2016  
ROTHESAY JOINT CAMPUS, ROTHESAY, ISLE OF BUTE**

<b>COUNCIL REPRESENTATION</b>	
Cllr Steven Heddle, Convener, Orkney Islands Council	Cllr Angus Campbell, Leader, Comhairle nan Eilean Siar
Cllr Gary Robinson, Leader Shetland Islands Council	Cllr Joe Cullinane, Leader, North Ayrshire Council (by phone)
Cllr Len Scoullar, Provost, Argyll & Bute Council	Cllr Allan Henderson, The Highland Council (by phone)
Alistair Buchan, Chief Executive, Orkney Islands Council	Malcolm Burr, Chief Executive, Comhairle nan Eilean Siar
Mark Boden, Chief Executive, Shetland Islands Council	Cleland Sneddon, Chief Executive, Argyll & Bute Council
Paul Maxton, Orkney Islands Council	Peter Peterson, Shetland Islands Council
Lesley McDonald, Comhairle nan Eilean Siar (by phone)	
<b>SCOTTISH GOVERNMENT REPRESENTATION</b>	
Humza Yousaf MSP, Minister for Transport and the Islands	Kevin Stewart, MSP, Minister for Local Government and Housing (by phone)
Paul Wheelhouse, MSP, Minister for Business, Innovation and Energy (by phone)	Ian Turner, Islands Bill Team
Darren Dickson, Islands Bill Team	John McNairney, Chief Planner (by phone)
Will Tyler-Greig, Head of Social Enterprise, Social Innovation and Social Investment (by phone)	Stephen Garland, Head of Housing Sustainability Unit and the SEEP Programme Manager (by phone)
Heather Stewart, Energy Industries (by phone)	Marian McSeveney, Energy Industries (by phone)
Denise Patrick, National Records of Scotland	Nathalie Leger, Migration Strategy

**1. WELCOME AND INTRODUCTIONS**

1. Meeting began with the Minister for Transport and the Islands welcoming everyone to Bute and thanking Argyll and Bute Council for hosting.
2. Apologies were noted from Cllr Margaret Davidson, Leader of The Highland Council who was being represented by Cllr Allan Henderson, and from Cllr Dick Walsh, Leader of Argyll and Bute Council who was being represented by Cllr Len Scoullar.

**2. DRAFT MINUTES OF MEETING ON 28 SEPTEMBER 2016 – PAPER ISG 19/12/16/02**

3. A copy of the draft minutes from the meeting on 28 September 2016 with a small number of amendments had been circulated in advance of the meeting. These were agreed by the group as amended.

4. The Minister for Transport and the Islands indicated that subject to the group's agreement, it would be proposed that the minutes and papers from the last meeting, and all subsequent meetings would be published on the Scottish Government's website. The group agreed with this proposal.

### **3. DRAFT TERMS OF REFERENCE – PAPER ISG 19/12/16/03**

5. There was a brief discussion regarding the Group's draft Terms of Reference (TofR) that had been considered initially at the meeting on 28 September. A small number of changes had been made to the TofR to take account of comments made at the group's first meeting, and these were agreed.

6. In addition, the Leaders of the three wholly Islands Councils' were keen to see reference included in the TofR to the Empowering Scotland's Island Communities prospectus, published in June 2014. They suggested an additional bullet could be included along the following lines to cover this: "Monitor progress of work arising from Empowering Scotland's Island Communities and other policy positions such as those in the SG (SNP) Manifesto for the Islands.

7. Whilst everyone acknowledged the importance of the prospectus document, it was suggested by the Minister for Transport and the Islands that this point was already covered by the 4<sup>th</sup> bullet under section 3 of the draft TofR, something colleagues from the islands councils' acknowledged.

8. It was however agreed that officials would look again at this with a view to coming back to the group's next meeting in late February/early March with proposals that would satisfy both sides.

### **4. RENEWABLES – PAPER ISG 19/12/16/04**

9. Cllr Angus Campbell introduced this paper, which was Comhairle nan Eilean Siar's draft response to the UK Government's Consultation on Contracts for Difference on Treatment of Non-Mainland GB Onshore Wind Projects.

10. Cllr Campbell indicated he would not go through the paper specifically but restated the disappointment of the Islands Councils' at the position now being taken by the UK Government. Previous discussions with UK Government had seemed to suggest remote island wind should be classified as a different type of technology which would have allowed access to the CfD in Spring 2017. Indeed, Cllr Campbell had a letter from the former Prime Minister, David Cameron inferring this.

11. Two reports – the 'Scottish Islands renewables Project' and the 'Economic Opportunities of Renewables Energy for Scottish Islands Communities' state that there could be a £725m gross value benefit across the Scottish Islands between 2020 and 2040. In the Western Isles alone, there are two interconnector projects shovel ready. If approved in the next few months they could be in operation by 2021/2022.

12. Cllr Campbell concluded his remarks by stating that the Strategic Group needed to continue to focus on this issue and press the UK Government to honour its previous commitments. At some point down the line consideration may need to be given to looking at alternative options for overcoming the existing barriers, a 'plan B', and in that context he mentioned changes to Business Rates as a possible option.

13. In response Paul Wheelhouse, Minister for Business, Innovation and Energy stated that the Scottish Government shared the disappointment of the Islands Councils at the decision taken by the UK Government on 9 November to run a further consultation on whether "Remote Island Wind" should be a separate category of generation and allowed to compete in pot 2 of the CfD process against offshore wind among other less established technologies.

14. That consultation sets out the view of the UKG that island wind should not be classified as a separate technology but should be treated as onshore wind. This contradicts the UKG's previous position that remote island wind was different to mainland onshore wind and should be treated as a "*less established*" technology. The UKG submitted a State Aid Pre-notification to the European Commission on 14 January 2015 on that basis.

15. The case for island wind – that it is a distinct technology that requires support to overcome specific barriers to deployment - was developed in conjunction with the UKG. The Scottish Government remains committed to this.

16. In line with the 2016 manifesto commitment, Mr Wheelhouse confirmed that the Scottish Government is 100% behind the island communities and will continue to press the UK Government to progress the necessary EU permissions and bring forward a viable package of support that will facilitate the vital grid connections to the Orkney, Shetland and Western Isles.

17. Mr Wheelhouse further added that the Scottish Government was treating this as a genuine consultation, and have commissioned a consultant to update the case for island wind - developed jointly through the intergovernmental working group – and will submit a robust response to the consultation.

18. Baroness Neville Rolfe committed to a meeting of the Delivery Forum during the consultation and we await the Secretary of State Greg Clark to confirm a date.

19. The Minister concluded his remarks by highlighting the recent debate in the Scottish Parliament on 6 December, where the motion was passed 92:29 "*notes its strong concern that the UK Government has effectively excluded island wind projects from this CfD allocation, despite repeated assurances to the contrary following a 2013 consultation*"

20. In opening up to other members for their views there was universal support across the group for the case being made, and bitter disappointment at the change of decision, and way it has been handled. The lack of proper connections were restricting advances and expansion in an area of huge economic potential not just for Scotland's island communities, but for Scotland as a whole.

21. It was agreed the potential actions following the meeting might include a joint letter from the Group to the UK Government Secretary of State for Energy, Greg Clark seeking his attendance at a meeting of the re-convened Islands Renewables Delivery Forum plus letters to the relevant parliamentary committees of the Scottish and UK Parliaments asking them to look into this matter. Group members also intended to respond to the UK Government's consultation in the strongest possible terms.

#### **5. SCOTTISH ENERGY EFFICIENCY SCHEME – PAPER ISG 19/12/16/05**

22. This item was introduced by the Minister for Local Government and Housing. Mr Stewart began his remarks by commenting that he was aware there was a lot of interest in plans for Scotland's Energy Efficiency Programme and he welcomed this opportunity to have a discussion about it in this forum.

23. The Minister indicated that energy efficiency is a priority for the Scottish Government. As a country we spend £2.6 billion annually on heating and cooling our homes and businesses in Scotland. The Government's vision is therefore to reduce overall energy demand in the system in the first place, by focusing on heat demand reduction and improving the energy efficiency of our buildings.

24. In response, members commented that SEEP was a significant programme and they welcomed the measures that had been taken to address such issues as Fuel Poverty, however the Government had to continue to take account of island circumstances, particularly around costs and creating flexibilities with such schemes.

25. It was mentioned that there was a rich landscape of schemes but was there any scope to combine them to have just one, focussed delivery programme in agreement with the Scottish Government?

26. In reply, Mr Stewart said that if there is a way to unclutter the landscape he was willing to do it but some schemes are UK led, and these seem to be the ones which create the difficulties. The Scottish Government has been flexible in the past, and will continue to be in the future, where possible.

27. The Minister for Business, Innovation and Energy also highlighted the Government's forthcoming Energy Strategy. He commented that he was keen to try and ensure supply of energy is sympathetic to island conditions and was willing to have a discussion of how we might deliver on that goal.

28. In response, members further commented that it was important to see houses completed to the best possible standard. They also queried how the islands could play into the smart metering agenda and suggested that any future Scottish Schemes should try to help with the energy surcharge (15%) that islanders are faced with. Many people being exploited by pre-pay meters.

29. Paul Wheelhouse indicated that he was keen to engage with all Local Authorities on these issues. He and Angela Constance had recently met with energy suppliers and addressed a number of these issues – discussions are on-going. There was also a recent meeting of the Fuel Poverty Forum at which suppliers were in attendance. This forum will continue press for further positive changes. On Smart Meters – now looking at phase 2 meters to try and improve information available to customers and advice on switching.

## **6. PLANNING REFORM**

30. This item was introduced by the Minister for Local Government and Housing. Mr Stewart opened his remarks by referencing the 2015 independent review of the Scottish Planning System by a panel of experts. The panel produced 48 recommendations for improving the planning system in May 2016. The Scottish Government responded to their report in the summer, and have since undertaken an intensive programme of work over the autumn and winter.

31. The independent panel specifically recommended that the needs of island communities are reflected in any proposals for change, which is something the Minister confirmed he was in full agreement with.

32. The Minister outlined that to explore the panel's recommendations in more detail, the Government established six working groups involving a wider range of stakeholders. Alongside this, senior officials have also discussed the recommendations in detail with the Heads of Planning from each of the six member authorities of the Islands Strategic Group. Mr Stewart made clear that there is scope to improve the planning system in Scotland and he wanted to ensure that any proposals for change reflect the distinctive challenges and opportunities that exist in different parts of Scotland.

33. The Minister highlighted his recent visits to Orkney and the Western Isles in saying that it was important to recognise that delivering homes, co-ordinating infrastructure and simply running an efficient planning service can bring unique challenges in an island context. The high quality of life, world class environment and strong community identity in the island communities also brings great opportunities. That is why it is important that we continue to recognise these distinct challenges and opportunities, and continue to 'island-proof' our proposals for change.

34. In concluding his remarks, Mr Stewart indicated that the Government would be publishing a consultation paper early in 2017 and will consult on it for 12 weeks. This will inform the shape and content of a Planning Bill, to be brought forward early in the Parliamentary session. The Minister also indicated the Government would also continue to consider improvements to the planning system which do not require legislative change.

35. In response, members of the group commented that they welcomed the Government's commitment to island-proofing the work it was undertaking on planning. Some did however suggest that they would like to see a radical simplification of the planning process, with possible options to opt-out or to devolve powers down. Some felt different tiered approaches – one for wholly island councils and one for councils with islands may be required.

36. The issue of fees and the ability of Councils to charge full cost recovery was also highlighted. Councils don't want to discourage investment but fee returns at present do not reflect fairly the work undertaken in relation to major applications. An example was cited whereby a Council received just £16,500 for a major oil related planning application whereby the applicant would have been willing to pay £1 million given the significance of the project.

37. In response, the Minister indicated he was willing to look at raising fees but expectation was very high so the delivery of service was important. Going forward the Government would undertake a two stage approach to this, which would include the introduction of a Framework for Improvement after legislation. The Minister indicated the Government would also look at the fees for Building Standards but he expected any fee income to be reinvested to improve service delivery in these areas.

38. The Minister also highlighted the Government had been keen to pilot simplified planning zones but there had not been a huge amount of interest from Councils in this. Modest initial interest had been shown by North Ayrshire, North Lanarkshire and Dumfries & Galloway Councils. If any further Councils had an interest in this then they should follow this up with the Government's Chief Planner, John McNairney.

## **7. SOCIAL ENTERPRISE STRATEGY**

39. The Minister for Local Government and Housing introduced this item and outlined that the Strategy had just been launched on the 14 December by the Cabinet Secretary for Communities, Social Security and Equalities, Angela Constance.

40. It was a key Programme for Government commitment, which sets out the Scottish Government's ambitions for social enterprise over the next decade to 2026. The Strategy will provide a clear pathway to realising the potential of Scotland's social enterprise sector, positioning it at the centre of achieving a fairer society and more inclusive economy.

41. The social enterprise model of business, where profits are put back into a common good, embodies our approach to inclusive economic growth – helping to tackle inequalities while increasing economic competitiveness. For the last decade, the social enterprise sector has benefitted from strong political leadership and government investment. Scotland's 'ecosystem of support' for social enterprise is world leading, with our research and expertise internationally recognised.

42. In concluding his remarks, the Minister summarised that the purpose of the strategy was to stimulate social enterprise activity, develop stronger organisations and realise market opportunity over a ten-year period. Following publication of the strategy a series of action plans will be published, with the first due to issue by the end of March 2017.

43. The Minister added that in the spirit of the forthcoming Islands Bill, which will include a provision to island-proof future legislation, policies and action plans, we have consulted specifically with stakeholders who represent Island communities and to ensure the strategy reflects the needs of those communities and will consult further with appropriate stakeholders and local authorities as we move forward with developing the first action plan to ensure there is no detrimental impact on our island communities.

44. To give some perspective to the Scottish Social Enterprise Sector, the Minister added that there were now more than 5,000 social enterprises operating in Scotland (60% led by women), with 200 new start-ups each and every year, contributing £1.68 billion to the economy. The sector employs more than 100,000 people and attracts almost 70,000 volunteers.

45. In response, members of the group welcomed the publication of the strategy and the commitment to island-proof future action plans. They felt the strategy would fit neatly with the Community Empowerment and Community Land Ownership agendas, as well as assisting in areas such as the delivery of services for the elderly. Members did however also add that pressure on budgets going forward could have implications for the Social Enterprise sector. Also, officer support from Councils at the outset was important, and a number of Councils had either set up, or were in the process of setting up support networks. Those such as Argyll & Bute who had established a network a few years ago offered to share their experiences with others.

## **8. ISLANDS BILL – PAPER ISG 19/12/16/06**

46. The Minister for Transport and the Islands introduced this paper. Mr Yousaf outlined that since the last meeting of the group work had been progressing on policy instructions and draft provisions for the Bill. This work was on-going internally within Government but the Minister was keen to update the group on the latest position and to hear their thoughts.

47. The Minister referenced the update paper that was circulated in advance and indicated he'd focus his opening remarks on the provisions relating to Island-Proofing and a National Islands Plan, which are likely to be the key foundation stones of the Bill.

48. On Island-Proofing, the Minister commented that as he had said during last month's islands parliamentary debate he very much saw the Government's commitment to island-proofing as a key pillar of the Bill. Island-Proofing is a unique concept that will ensure future legislation and policies passed in Parliament are not detrimental to our island communities but instead should benefit them. Mr Yousaf added that he was determined that this would not be a simple tick-box exercise, but

would instead be a robust process that from the outset of any future legislative or policy development the potential impact/implications for island communities will be fully assessed and taken account of.

49. In relation to the National Islands Plan, again like island-proofing, the Minister indicated that he saw this as a crucial element of the Bill that would ensure islands issues stay firmly on the radar of this and future governments to come.

50. Mr Yousaf said that he was keen to commence work on the plan next summer once the Bill has been formally introduced to Parliament, and as previously indicated the Strategic Group would play an important part in helping shape the draft plan.

51. In response, whilst welcoming the update, some members indicated that they were very concerned that there was little by way of detail in the update provided on the issue of additional powers. The expectation from the Councils was that the Bill would contain meaningful, permissive powers that would give the Islands a degree of autonomy in how they deliver services.

52. The Minister indicated he was happy to engage further on this point, and it was agreed that officials would discuss in more detail when the officers group met in January. Further detail would however be needed on what the Councils meant specifically by 'permissive powers'.

53. In responding to a query about how the National Islands Plan would relate to the two groups of Councils (wholly islands councils/councils with responsibility for islands), the Minister said he really wanted to be informed by the Councils on this as we moved forward.

54. Other members commented that with Brexit there was perhaps the ability to do things differently – EU Regional Policy. Other comments in relation to the Bill included the voicing of support for the provision to give the Local Government Boundary Commission for Scotland flexibility to recommend 1/2 member wards to provide fairer representation for island communities. It was highlighted the phase 2 of the Enterprise and Skills Review may have implications for the Bill or indeed the National Islands Plan going forward.

**ACTION:** Officers Group to discuss question of permissive powers at January meeting.

## **9. DEPOPULATION – PAPER ISG 19/12/16/07**

55. The Minister for Transport and the Islands introduced this item. In his opening remarks Mr Yousaf commented that it was right, and timely that one of the first substantive policy discussions the group focussed on was the challenges that depopulation presents for our island communities, especially following the population projections published at the end of October.



56. The Minister went on to say that the Scottish Government was well aware that Scotland's people are the key factor in our future prosperity. Population growth is crucial to the growth of our economy and our community sustainability. The Scottish Government is committed to supporting population growth: that is why we have a purpose target to match average European (EU15) population growth over the period from 2007 to 2017. However although Scotland's population is growing, this growth is uneven across our communities, the latest population projections show that the population decline in Na h-Eileanan Siar is greater than in any other Scottish local authority area.

57. Although immigration is fully reserved to the UK Government, the Scottish Government is firmly committing to pressing for a flexible migration system that meets ALL of Scotland's needs. Any move by the UKG to limit migration, whether from within or beyond the EU, has potential to seriously harm Scotland's economy.

58. The Minister also added that the Scottish Government will continue to provide as much reassurance and certainty as possible to businesses and fellow EU nationals, who continue to be welcome here. The UK Government must guarantee the residency status of fellow EU nationals who have made Scotland their home. In conclusion, I see today's discussion very much as a starter for 10 on this important issue to try map out what more we need to do collectively as a group.

59. Following the Minister's opening remarks he handed over to Denise Patrick from the National Records of Scotland who delivered a presentation on "Demographic Trends on Scotland's Islands". A copy of this presentation is attached at Annex A to this minute.

60. Following this presentation, Cllr Campbell from Comhairle nan Eilean Siar fed back briefly to the group on the seminar held on 7/8 November by the Outer Hebrides Community Planning Partnership, which was the first step in developing a comprehensive policy framework to tackle population decline and migration issues in that area.

61. Cllr Campbell indicated that the November seminar was the first in a series the Community Planning Partnership planned to hold. It had identified, not surprisingly that we haven't solved the problem. Input into the seminar from young people had been positive. Many wanted to stay in the islands but conditions needed to be right. Employment and Economy interconnected - jobs needed. Young people should not be penalised for visiting mainland e.g. attending concerts/football matches. Cllr Campbell commented that we face a huge challenge and we must be bold in response.

62. In the wider comments from other group members, demographic changes were mentioned as being likely to have a major impact on councils services in the years ahead with a dramatic change forecast in the way we care for the elderly. It was also highlighted that the projections for the last 20 years did not come to pass, mainly due to external factors, however there was a need for a coherent strategy to tackle this issue. Some members referenced certain islands had very small, aging populations and going forward it would be difficult to sustain and support such communities. On some islands, such as Eigg community buyouts had helped increase populations.

63. In concluding, the group agreed there was a real need for a strategic look at how to start to address this issue, and this could possibly link in with the work on the draft National Islands Plan.

#### **10. CONSIDERATION OF GROUP WORK PROGRAMME – PAPER ISG 19/12/16/08**

64. It was agreed that this item would be taken forward by officials in correspondence and an update provided at the next meeting of the Group.

#### **11. NATIONAL BASIC PAYMENT SCHEME**

65. The Minister for Transport and the Islands introduced this item. Mr Yousaf highlighted that in September, the Cabinet Secretary for the Rural Economy and Connectivity, Fergus Ewing launched the 2016 National Basic Payment Support Scheme - a nationally-funded loan scheme to provide certainty for farmers and crofters over the winter and to seek to inject up to £300 million into the rural economy while CAP Basic Payment 2016 applications are being processed.

66. The scheme is open to farmers and crofters who are able to apply for a loan of 80% of their CAP Basic Payment and Greening 2016 entitlement, up to a maximum of €150,000. To date over 17,800 offers letters have been issued, and over 13,000 applications have so far been received. Over a quarter of a billion has been paid out already and any businesses who applied by 14 December will be paid before the end of the year.

67. However, the scheme remains open and the Government is keen to encourage any farmer or crofter who is yet to apply to do so as soon as possible as further payments will be made in the New Year. The Government would therefore appreciate any help Councils can provide in further highlighting the scheme amongst their crofting and farming communities. Equally, if anyone has lost their offer letter or has not received one they should contact their local Rural Payments and Inspections area office who will be happy to help.

68. Members agreed to raise awareness of the scheme in their respective areas.

## **12. ANY OTHER BUSINESS**

69. the only item of business raised was the date of the next meeting. It was agreed that this would take place in late February/early March before the Local Government election period commences. The exact date and venue would be agreed by correspondence.

**ISG Secretariat - February 2017**