

**ISLANDS STRATEGIC GROUP
MINUTE OF MEETING HELD ON 30 MARCH 2017
SCOTTISH PARLIAMENT, EDINBURGH**

COUNCIL REPRESENTATION	
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 Margaret Davidson, Leader, 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	Karen Yeomans, Executive Director, Economy & Communities, North Ayrshire Council (by phone)
SCOTTISH GOVERNMENT REPRESENTATION	
Humza Yousaf MSP, Minister for Transport and the Islands	Michael Russell MSP, Minister for UK Negotiations on Scotland's Place in Europe
Jeane Freeman MSP, Minister for Social Security	Donna Mackinnon, Deputy Director, Local Government & Analytical Services Division
Cameron Stewart, Head of Local Government Relationship Team	Russell Bain, EU Hub and Analysis
Jane Moffat, Head of Low Income Benefits Policy Unit	Ian Turner, Head of Islands Bill Team
Darren Dickson, Islands Bill Team	

1. WELCOME AND INTRODUCTIONS

1. Meeting began with the Minister for Transport and the Islands welcoming everyone to the third meeting of the Group. Attendees were as per list above.

2. DRAFT MINUTES OF MEETING ON 19 DECEMBER 2016 -

2. A copy of the draft minutes from the meeting of 19 December had been circulated in advance of the meeting. These were agreed by the group.

3. BREXIT

3. The Minister for UK Negotiations on Scotland's Place in Europe began by provided members with a brief outline of current activity. He highlighted his engagement with COSLA and that he was happy to have on-going discussions with Councils, and indeed visit them if that would be helpful. He also highlighted that Malcolm Burr, Chief Executive of Comhairle nan Eilean Siar had joined the First Minister's Council of Europe Experts Group, and that this was an important step in

ensuring the rural and island voices, and indeed those of local government were heard.

4. Mr Russell went on to say that this week was the most important so far in the process, referencing the recent FM/PM meeting; his on-going discussions with David Davies; and the publication of The Repeal Bill: White Paper which had just taken place that morning.

5. The Minister went on to highlight that there had been no substantive response by the UK Government to the Scottish Government's 'Scotland's Future in Europe' paper which was published in December. He also mentioned the recent debate in the Scottish Parliament around article 30, and the possibility of a future Independence Referendum which was about ensuring the Scottish People had a choice at the end of the Brexit negotiations.

6. He highlighted the real concerns about future investment in less favourable areas such as rural and island locations – past and current investment was clearly visible. The fishing industry has had concerns about what the future would hold, and there was a worry fishing might be used as a trading position by the UK Government.

7. From a rural/islands perspective there was rightly concern about future investment – right now it was impossible to say what funds will and how they will be available. Likely to be another year before a discussion on that, will almost certainly have a knock on effect when existing funding ends in 2020. Currently 16% of European Agriculture Framework funding comes to Scotland – if Barnett formula applied post-Brexit then that would be halved.

8. The Repeal Act will move powers back from Brussels to UK but there will be a continued period of uncertainty. Scottish Government keen to see the four freedoms of movement – (people, goods, services and capital) are maintained. EU Migration will not help with population decline. Big issue is what happens to people from EU – will they wish to stay? Big concern as there is not a pool of people to replace them.

9. The Scottish Government was keen to find a middle way and hoped the UK Government would be willing to negotiate to see continued involvement with single market. The Scottish Government will certainly continue to engage and negotiate with the UK Government but not clear what form this will take. Wish to be in the room for every discussion, and at the table for devolved matters – which is a view expressed by Welsh Administration also.

10. The Minister concluded his remarks by saying he was happy to engage through this group or bilaterally with Councils as things progress. If the Councils have any useful information around impact of Brexit etc then the Minister would welcome that being shared.

11. In response members indicated they were grateful for the update. There was a request for a meeting with the Scottish members of the Committee of the Regions, which Mr Russell agreed to. Discussions around the European Maritime Fisheries Policy were also highlighted and the indication was given that fisherman were being misled. Mr Russell indicated that he'd happily discuss this with the Cabinet Secretary for the Rural Economy and Connectivity if further details could be provided. Also would discuss with Scottish Fisherman's Federation and seek their views.

12. Other members raised the issues of sub National/Regional Policy and the need to avoid barriers and provide reassurance. They highlighted a COSLA meeting with the Secretary of State for Scotland before Christmas, which was not very helpful. Two key questions needed to be answered – what was going to happen to regional policy, and how would this will be dealt with through The Repeal Bill. Assurance around migration was also required as there were major concerns both in the private and public sector – atmosphere is currently putting people off coming with all the uncertainty

13. In response, Mr Russell commented that the Highlands and Islands had fitted well into European Regional Policy – huge benefits. There would need to be a suitable replacement but unfortunately this was not currently on the UK's agenda. He would ask his team to do some specific work on regional policy to work up some options. Possibly play in Standing Council re. a presentation at a future meeting. The Minister said he would try and consult Councils as we go forward.

14. Some members also highlighted concerns being expressed in the University sector by the likes of the University of the Highlands and Islands about funding once the current round runs out. Conscious academic sector will be crucial moving forward in terms of training etc. Can some of these issues be taken up now?

15. In concluding, the Minister encouraged Local Authorities to continue to press UK Government Ministers on all these issues. There was common ground amongst LAs and the Scottish Government in terms of concerns about regional policy and depopulation so a united approach was important.

4. SOCIAL SECURITY

16. In opening her remarks, Ms Freeman indicated that she welcomed the opportunity to engage with the six Councils on the Social Security Reforms she was taking forward. She had already had the chance to visit some of them and hoped to visit the others in the not too distance future.

17. Creating a new public service provided a golden opportunity to ensure we put in place a system that worked for everyone, though the scale of the task should not be underestimated. The new service would make more payments in a week than we currently do in a year so it was important that the Scottish element works with the UK Government system. The safe and secure set up of the new system was crucial.

18. The recent consultation exercise undertaken was an indicator of the manner in which we are taking forward the task. Engaging with key users was the only way to understand needs and ensure the service design was flexible enough to need those needs. The Minister stressed that at the heart of everything the Government does will be the principles of dignity and respect.

19. The Government will also prepare a Charter to be in the forthcoming Social Security Bill; introducing a legislative requirement that reflects the core principles. This will be a central part of the new system, effectively creating a binding contract between the system and the Ministers responsible for it - and the people who use it.

20. In terms of next steps, the Bill will be introduced before the summer recess and will hopefully complete its parliamentary process by summer 2018.

21. Also by the summer we would intend to make an announcement on the shape of the new Social Security Agency, a shape that allows consistency in decision making no matter where you live in Scotland – a human face – a choice of how people can engage – not all digital but obvious task of trying to ensure best value for public purse.

22. The Government will also announce the first benefits it will take ownership of from 2018. The Minister stressed that if you take delivery you must demonstrate competency be able to deliver. The Government will therefore take an incremental approach to the legislation and the agency – will start to take over once royal assent received – Design, Test, Delivery, Re-do so we learn.

23. One of the most important pieces of work linked to the Reforms are the Experience Panels of individuals who have direct experience of the current system who will help us to design, build and refine a new and better model. Already receiving helpful feedback. Just over half way to the target of 2000 with 1040 signed up – (46 from H&Is). The Minister asked that the Councils help encourage people in their local areas to sign up for the panels as there was a need to ensure breadth and expertise. Ms Freeman also commented that she aware of the concerns re. cold weather payments and the trigger being inadequate and this was something that would be looked at.

24. The Minister went on to say that accessibility to service (urban/rural), there should be no barriers. She also committed to island-proofing in advance of being required to do so the Bill and the accompanying guidance to ensure that the service was as accessible as possible regardless of location.

25. Ms Freeman highlighted her visits to the Western Isles and Shetland and how she struck by the points made in terms of travel distance and time required. Also she was really conscious of the differentiated costs of living during her visit to Shetland – this was something that needed activate engagement of Councils and users.

26. In response, members welcomed the opportunity to discuss this important issue. They highlighted as some of the biggest concerns being the loss of benefits (housing/universal credit) with some people losing hundreds of pounds a month. The recent HIE update report on 'A Minimum Income Standard for Remote Rural Scotland was also mentioned in the context of people losing money = shops closing and the knock on effects this has for island communities. It was highlighted that the cost of living in Shetland was 35% more expensive than on the mainland and this had to be addressed.

27. The general view expressed by members was that the changes being consulted on at present are good ones. Some members queried the location of the new Social Security Agency whilst others highlighted cold heating payments did little to help with the 15% surcharge island communities have to pay on top of existing charges. Digital and Transport were also pointed out as barriers that had to be factored in to the design of the new service. It would therefore be helpful to ensure a joined up approach between the SG and Local Government.

28. In responding, the Minister commented that she was encouraged by what she was seeing in terms of partnership with Local Government – some authorities very good at distribution. She also commented that she was very conscious that our understanding of benefit take up was not as robust as we would like it to be – information coming from DWP indicated 500,000 people eligible but not claiming – this was due in part to a lack of understanding but also stigma, and these issues needed to be addressed.

29. The Minister also highlighted the Government had just begun a 4 year take up campaign with young carers (16-24). It was the Government's overall intention to encourage those entitled to make those claims to apply. Challenge the notion that it's just those who are unemployed that claim.

30. In concluding, the Minister commented that she was determined to have a system that has quality of delivery but keen to square that circle – take account of local factors - co-location etc.

31. On Universal basic income she commented that a parliamentary committee was looking at this and a range of international models such as the one in Finland. In terms of a replacement approach – the Scottish Government would need to have greater powers over benefits and taxation than we currently have. Are however aware and interested in the models such as the Finnish one and will continue to monitor progress.

32. Delivery of some of our work is dependent on DWP as they hold the Universal Credit Benefit which limits scope around payment timescales to landlords etc. In terms of housing benefit for 18-21 olds – DWP have refused both options the Scottish Government put forward – we wish to retain they wish to remove – which has resulted in the Scottish Government having to work very hard to mitigate these changes.

33. On Universal Credit and abolishing the bedroom tax at source – UK Government insisting they will impose cap contrary to Smith Commission agreement. Again, not having full devolution of welfare means that the Scottish Government does not have all the powers it needs to resolve issues like this in the way it would like to.

5. ISLANDS BILL

34. The Minister for Transport and the Islands introduced this item and provided the group with an update on progress with the Bill since the last meeting.

35. Work has been progressing with the draft provisions and the accompanying documents with the views of Councils being sought at various stages of the process. There have been no real changes to the provisions previously discussed and which are likely to be included within the Bill.

36. The Bill was still on course to be introduced to Parliament in late Spring and regular engagement would continue with Council officials in the lead up to introduction, and beyond.

37. In response members commented that they had welcomed the inclusive and very open engagement they had had with the Government as the development of the Bill had progressed. There was a great deal of agreement on many of the proposed provisions.

38. On specific points, some concerns were raised about how the flexibility to create 1 or 2 member wards might impact across local authority areas. It was however accepted that it was too early to predict this, and ultimately we'd have to await the outcomes of the reviews that the Local Government Boundary Commission would undertake to have a better understanding of likely implications.

39. On island-proofing, some clarity was sought around the likely definition in the Bill of what was meant by 'significantly different' in deciding whether or not an Islands Impact Assessment would be required to be undertaken. Significantly different for whom? Would this be clarified in guidance accompanying the Act?

40. The issue of including a 'permissive' general power in the Bill through which Councils would be granted additional powers through Ministerial Order was also raised, though it was acknowledged that Parliament would not be keen on granting such a power to Ministers.

41. Recognition of Local Government in the Bill was also something mentioned as was the possibility of including a mechanism to link windfarm developments to payments for community benefit.

42. In response, the Minister said he was happy to look at these issues and discuss further with members. Clarity would be provided on the 'significantly different' point with this being taken forward as part of developing guidance, which the Councils would be involved in. On Permissive Powers, it was right to say we are finding a difficulty with this. A blanket power is something the Parliament is unlikely to accept. Will continue to look at this but difficult to do this through legislation. Island-Proofing was a key provision of the Bill and in some respects if we get that right it might negate the need for any form of permissive power.

43. It should also be kept in mind that the Bill was just one part of a much bigger picture of activity being undertaken by Government. For example, there was wider work underway around Public Sector Reform with a Local Governance Review about to get underway, and possibly a Local Democracy Bill further down the line.

44. In responding, on the permissive powers points, members indicated that what they were looking for was a mechanism similar to that in the Community Empowerment Legislation whereby a community can approach the council to make formal requests around the likes of asset transfers. That's what the Councils are looking for here - would like a process that Government would look at proposals – possibly also coming from communities. At present Councils being reactive, no way to be proactive.

45. In concluding, Mr Yousaf indicated he was open minded to looking at a mechanism/process, and this group might be the best forum in which to do that.

6. CONSIDERATION OF GROUP WORK PROGRAMME

46. It was agreed that given the forthcoming Local Government Elections consideration of the group work programme would be undertaken offline with a view to a further discussion at the next meeting of the Group.

7. ANY OTHER BUSINESS

47. Cllr Heddle raised the issue of how best for the group to capture and monitor the commitments stemming from the 2014 prospectus and more recent commitments that might be relevant to the islands. This was a hugely significant and he did not want to see it lost sight of.

48. It was acknowledge by group members that moving forward the National Islands Plan proposed as part of the Bill would be the place to capture and monitor these types of commitments, however in advance of that it was agreed an interim measure should perhaps be put in place to bridge the gap to the plan.

49. It was agreed therefore that a piece of work should be undertaken, led by one of the islands councils' in consultation with Scottish Government officials to develop a refined list of current and relevant commitments for monitoring purposes.

50. It was agreed that the next meeting would likely take place in July in the Western Isles with the exact date to be confirmed.

51. The Minister for Transport and the Islands concluded the meeting by making special mention of Cllr Angus Campbell's contribution to the work of the group and also Local Government more generally over a number of years following his decision to stand down ahead of the Local Government Elections in May. He conveyed the best wishes of all group members to Cllr Campbell for the future.

52. The Chief Executive of Argyll and Bute Council also highlighted that Cllr Dick Walsh had decided to stand down ahead of the Elections. The Minister also asked that his and the Group's best wishes were conveyed to Cllr Walsh for his retirement.

ISG Secretariat