

**Convention of the Highlands and Islands (CoHI)  
Stornoway, Isle of Lewis  
Monday 7 March 2016**

**Present**

**Ministers:**

John Swinney MSP, Deputy First Minister and Cabinet Secretary for Finance, Constitution & Economy  
Keith Brown, Cabinet Secretary for Infrastructure, Investment and Cities  
Fergus Ewing, Minister for Business, Energy and Tourism  
Dr Alasdair Allan, Minister for Learning, Science and Scotland's Languages

**Members**

Amanda Bryan	Forestry Commission Scotland
John Mason	Scottish Government
Alex Paterson	Highlands and Islands Enterprise
Lorne Crerar	Highlands and Islands Enterprise
Laurence Howells	Scottish Funding Council
Cllr Stewart Cree	Moray Council
Cllr Steven Heddle	Orkney Islands Council
Cllr Gary Robinson	Shetland Council
Cllr Margaret Davidson	The Highland Council
Alasdair Rhind	The Highland Council
Alice Brown	Scottish Funding Council
Cllr Angus Campbell	Comhairle nan Eilean Siar
Malcolm Burr	Comhairle nan Eilean Siar
Prof Mulholland	UHI
Michael Foxley	UHI
Colin Kennedy	Crofting Commission
John McClelland	Skills Development Scotland
David Boag	Bord na Gaidhlig
Gary Coutts	NHS Highland
Ian Kinniburgh	NHS Shetland
Alan Mackenzie	VisitScotland
Colin Kennedy	Crofting Commission
David Alston	NHS Highland
Cllr Ellen Morton	Argyll and Bute Council
Grant Moir	Cairngorm National Park Authority
Iain Macmillan	Lewis Castle College UHI
John Risby	Highland and Islands Conservancy
Mark Boden	Shetland Islands Council
Nick Halfhide	Scottish Natural Heritage
Scott Armstrong	VisitScotland
Cllr William Gibson	North Ayrshire Council

**Apologies from members**

Cllr Walsh	Argyll & Bute Council
Crichton Laing	UHI
Malcolm Roughead	VisitScotland
Mike Cantlay	VisitScotland
Peter Argyle	Cairngorms National Park
Ralph Roberts	NHS Shetland
Ian Ross	SNH

## 1. WELCOME AND OPENING REMARKS

- 1.1 **John Swinney, Deputy First Minister and Cabinet Secretary for Finance, Constitution & Economy**, opened the Convention and welcomed the members and noted the apologies.
- 1.2 Cllr Angus Campbell, Comhairle nan Eilean Siar welcomed the attendees to Stornoway and made the following points:
- We are living in difficult economic circumstances with public sector agencies under financial constraints, therefore, we have to look at how we can do things better.
  - Health and social care integration is being rolled out on the island which will see a change in the delivery of services, pulling resources and the provision of a better service for the people in our communities.
  - Welcomed the benefits of superfast broadband and the additions to the transport system and the increase in the ADS discount from 40% to 50%.
  - Optimistic that the renewables sector will continue to deliver benefits to the island and that they can build on the progress made so far.
  - Welcomed the fact that MSP's had recently urged the European Commission to take concrete steps to address the permanent handicap of EU islands and allow them to reach their full potential in terms of Article 174, this is very much in line with the work carried out by the "Our Islands Our Future" campaign.
  - The islands are keen to work on some sort of pilot going forward, now that the Fiscal Framework has been agreed.
- 1.3 DFM said that the Scottish Government remains committed to the Convention of the Highlands and Islands (CoHI) and that digital connectivity, which has been part of the CoHI agenda on a continuous basis over the year's is absolutely central to the delivery of a successful economic agenda in the Highlands and Islands. He went on to say that:
- Legislative consent of the Scotland Bill to be given on 16 March.
  - As we advance within the Convention of the Highlands and Islands a whole range of different policy achievements have been made, whether it's on digital connectivity, physical transport connectivity, or on the development of the economy.
  - The economic landscape is more challenging than it has been for some considerable time and as a consequence of that we have to ensure that our interventions and our approaches are as effective as they possibly can be to meet those circumstances. The Government is determined to do that in consultation and dialogue with the Convention of Highlands and Islands.
  - Parliament will consider on 16 March stage 3 of the Land Reform Bill which has been subject of interaction with a variety of interested parties.

## 2. UPDATE VIA TRACKER GRID

- 2.1 DFM moved to the next item on the agenda which was the tracker grid update and highlighted the following:

- Connectivity has been a major part of the CoHI agenda over the past few years.
- Stage 3 of the Land Reform Bill will be considered by Parliament on 16 March.
- Integration of Health and Social Care reform will be enacted formally on 1 April

2.2 DFM asked if there were any other issues that anyone wished to raise and the following points were made:

- Members at the last CoHI were under the impression that they would be provided with monthly updates on digital connectivity and this had never transpired. DFM noted that data will be made available to members.
- The emergency towing vessel has once again become an issue. Anything that CoHI members could do to strengthen the argument would be most welcome as towing vessel in the north and west coast of Scotland are really important to these communities. DFM said that he would be happy to support this.

### **3. DIGITAL CONNECTIVITY – UPDATE AND KEY ACTIONS FROM OCTOBER 2015 COHI**

3.1 DFM moved on to the first substantive agenda item which is an update on digital connectivity, which is essential to the delivery of a successful economic agenda for the Highlands and Islands.

3.2 DFM asked Alex Paterson, Highlands and Islands Enterprise (HIE) to present the paper, key points were:

- Since the last CoHI HIE have managed to find out from the mobile operators what their plans are for the Highlands and Islands, they now have a better understanding of the challenges they face to deploy their coverage plans and better awareness of the actions that need to be taken to address some of these challenges.
- Currently have 2G coverage to around 90% of the population of the Highlands and Islands.
- There is not a lot of 4G coverage which is what is needed for the internet and the transfer of data
- All the operators are not at the same stage but it is anticipated that 4G coverage will be in place by the end of 2017- with some caveats.
- There is currently a large programme of mast upgrades going on, but we will still need to address the gaps.
- The UK Government's (UKG) "Emergency Services Mobile Communications Programme" will provide a 4G-based network for the emergency services. EE currently have the contract for this and the UKG will provide masts in those areas where EE has no coverage and these sites will also be available for commercial services.

3.3 Mike Neilson, Scottish Government's (SG) Digital Director, supporting the paper being presented stated that:

- The “Emergency Services Mobile Communications Programme” will be of great benefit in terms of geographic coverage and the number of masts erected will allow coverage of 4G.
- Scottish Government has agreed with the Home office that it will have the opportunity to tap into their additional programme of masts, to ensure that the infrastructure going in for the emergency services actually works for the local communities too. SG will need to engage with some of the local authorities to ensure that we get this right.
- The issue will be the pace over the next 18 months and how to fill in the last 5%. Beyond this SG are looking at an intervention programme that would fill in any remaining naught spots. One of the key potential sources of funding for this is EU Structural Funds where there is an allocation of approximately £25 million

3.4 Alex Paterson (HIE) said that it is sometimes hard to get the mobile operators to agree to sharing infrastructure. However, O2 and Vodafone have a joint venture company which is already doing this. The following points were made:

- We need to ensure that we get the right planning applications.
- A review of permitted development rights is currently underway.
- The Scottish Government is looking into rates relief for new masts in non-commercial areas.
- Commercial models are not viable in the Highlands and Islands.
- Back haul and power are important.
- The 2017 date is very ambitious.
- Since October engagement with the industry has been both positive and open.

3.5 DFM thanked Alex and Mike and said that we need to reinforce that this is a very significant priority for us all therefore we need to maintain our focus on what are the practical interventions that we can do to try and advance this agenda.

3.6 Ministers have spent a large amount of time trying to ensure that Ofcom is fully aware of the challenges of our geography and the necessity of addressing the issues mentioned. Ofcom have seized this challenge and have been mindful of the agenda.

3.7 A substantial financial contribution will be required from the Scottish Government for the emergency services contract therefore; we need ensure that it delivers the improvement in mobile connectivity that we want to see as part of this process.

3.8 A further discussion took place and the following points were made by members:

- Communication is at the top of everyone’s agenda.
- The mobile operators have been very good over the past few months; however, we need further clarity from BT on not-spots.

- The planning applications for relief on non-domestic rates which the operators asked for are coming in rapidly however, if there is anything further that local authorities can do they would be glad to be of assistance.
- Commercial models may work better for remote and fragile areas.
- There was a digital forum held in Shetland recently and concerns were expressed about the lack of the broadband speed and the fact that few people on the island picked up what BT define as superfast broadband.
- The island of Coll has only one mast but when you get a mobile call the signal drops and you have to find a vantage point before it can re-connect. However, this is a Scottish Futures Trust pilot project which is not anticipated to be rolled out across the rest of the Highlands and Islands.
- There have been few objections to planning permission for masts in the Highlands and Islands however; a more simplified and straightforward planning approach for masts and height would be useful.
- We will shortly have a clearer picture of what will happen both in terms of the current roll out of broadband and the gain share which will come within that contract this should give a firmer basis for phase ii broadband.
- A Gainshare of around £25 million has resulted from higher than expected take-up of services through DSSB. Having a clearer picture from BT of what will happen with the current arrangements and with the Gainshare will unlock the remainder of the picture and drive forward phase 2.
- It was agreed that a combined letter be sent to BT from the leaders of public bodied in the Highlands and Island and DFM to make the point about the degree of frustration faced by the quality of information currently received.
- Mobile is going to be a large part of the solution in delivering superfast broadband in areas that are not covered by the DSSB programme. Therefore the quality, the effectiveness and the affordability of mobile services are not just about whether you can make a phone call going out and about, it's about how we deliver long-term broadband capability to areas that will find it hard to be reached by our main programme.
- Gainshare will be able to be resolved within the existing contract although that will be conditional on the quality of information and the focus of the information we get from BT.
- Phase 2 is slightly more complicated because the UK Government has run up against a procurement issue with the European Union on state aid which we think is getting resolved reasonably speedily and that will open up the next chapter. Confident that we'll get beyond 95% connectivity on gain share and even more confident that we'll get beyond that based on phase 2.

### 3.9 ACTIONS

- **CoHI leaders to write, collectively, to BT underlining the importance of obtaining clear and accurate information on**

coverage and speeds provided as part of the Digital Scotland Superfast Broadband programme.

- A note of thanks to be sent, from CoHI leaders, to the Mobile Network Operators for their engagement to date.
- Senior members of CoHI and the Deputy First Minister to meet with Ofcom and BT as soon as possible to discuss gaining access to reliable data on coverage and speeds. A report from this meeting will be provided to the next meeting of CoHI.
- A monthly update on rollout by mobile operators to be provided to CoHI members- See note below

***SG and HIE appreciate that CoHI members seek greater clarity as to the extent of mobile coverage across the region and it is our intention to provide as much certainty as possible. However, obtaining the necessary data to create monthly updates from operators is not considered feasible as they are under no obligation to share data with government and much of this information is commercially sensitive. However, SG and HIE have requested that operators supply information to enable an update for each local authority area in advance of CoHI meetings.***

#### **4. COLLABORATIVE SUPPORT FOR THE DELIVERY OF THE UNIVERSITY OF THE HIGHLANDS AND ISLANDS (UHI) VISION**

4.1 DFM introduced the second agenda item on the delivery of UHI vision and the importance of collaboration that underpins this.

4.2 DFM introduced Alasdair Allan, Minister for Learning, Science and Scotland's Languages to lead this item. Dr Allan said that UHI is a distinctive model that has proved very valuable in the delivery of further and higher education provision across the very unusual geography of the Highlands and Islands; it also has a role in bringing together many other aspects of our culture and social life and attracts students from all over the world. It provides young people with the opportunity to study in their local area potentially retaining this younger demographic in the region and contributing to economy in the Highlands and Islands. He introduced the UHI Principal, Clive Mulholland to inform CoHI members about the university and Laurence Howles from the Funding Council to inform CoHI members how it supports UHI. The following points were made:

- The 21<sup>st</sup> century UHI is the equivalent of what the Open University did by breaking down barriers in the 1960's.
- UHI is spread over an area as large as Belgium and has 75 plus learning centres across the Highlands and Islands.
- It is expected to have the results of UHI's research degree awarding powers in May.
- UHI continues to develop and is picking up new areas of curriculum that are important to the region, is extremely proud of what it has done in terms of research and outperforms every new university in Scotland.

- UHI is providing a curriculum to ensure students have the transferrable and employment skills needed in the future world.
- It is a regional university which was set up to have a transforming impact on the region and create a high quality workforce.
- It needs to look at where the skills of the future are going to be and take into account where the new groups of staff are starting to emerge.
- A key priority area is engagement with schools; it has to build confidence and trust with schools who are already working with established universities, in order to attract more young people to study at UHI.
- UHI needs to attract more students from overseas because when local students engage with overseas students they get a wider perspective of the world. Overseas students may also donate to the university in later years or they may decide to start up a business in the area.
- UHI have a significant involvement in the plans being developed by the First City Development Board. It also has plans to look at establishing a regional health and social care school which will deliver across the Highlands.
- It is hoped with additional funding from the European Structural Investment Fund to transfer nursing provision from Stirling University to UHI. This will only happen if the business plan is agreed by the Chief Nursing Officer of Scotland and the National Midwifery Council in London. This is distinctive because it will focus on remote and rural healthcare and how to solve some of the issues through tele-medicine; tele-healthcare and digital apps for medicine.
- UHI needs to be flexible and be able to respond rapidly to Government priorities.
- UHI has an incredibly complex governance structure with 200 people, 14 separate boards and 400 committee meetings a year. Therefore need to ensure alignment with the stakeholders who are at this CoHI meeting.

4.3 Laurence Howells from the Scottish Funding Council (SFC) continued the discussion and the following points were made:

- The SFC is the government agency that funds universities and colleges; its vision is to make Scotland the best place in the world to learn, to educate, to research and to innovate. It works in partnership with Colleges, Universities, Enterprise Agencies, Skills Development Scotland (SDS) and Creative Scotland.
- The UHI Regional School Group is working with local authorities to provide regional and local approaches to senior phase education and over a thousand pupils across the region are engaged in vocational programmes through the colleges.
- CoHI members to consider what their organisation is doing to ensure alignment with UHI and also what your organisation expects from UHI and SFC. We need to mutually support and endorse partnership engagement to drive forward the agenda of expansion and growth

which would have a profound effect right across the Highlands and Islands.

4.4 A further discussion took place and the following points were made:

- Argyll and Bute (A&B) Council expressed concerns about its role within UHI and how Argyll College is not reaching many of its young people. Consequently, if UHI's commitment to A & B weakened Argyll's College's position then that would be something A & B council would be unable to support. SDS commented that they have commissioned a report to the University of Glasgow to develop an Arran Skills Plan involving the private sector, SDS believe that if UHI became involved with this plan it may help to promote the island of Arran alongside Argyll College. It was suggested that this issue should be put back on the agenda for the next CoHI meeting.
- UHI has established a working group to look at its governance; it will have wide engagement with all of its stakeholders and involve a wide cross-section of people to ensure its governance structure becomes more agile and able to respond to opportunities that exist without losing sight of UHI's key principals.
- Previously around 90% of young people in the Western Isles went away to universities and very few of them ever came back till much later in life, this had both economically and culturally implications for the island. CoHI members have a duty now to gather round UHI and make sure that they find a way forward which allows that geographical delivery of opportunity for young people to continue to live in the Highlands and Islands.
- Health and social care now seeing communities working with the private sector to deliver home-care, day-care and a whole range of services.
- The first meeting of the Future Strategy Working Group of the Highlands and Islands met for the first time last week and emphasised the need to work closely with Highlands and Islands Enterprise, the group have another 6 meeting planned and hope to conclude in June 2016.
- There is an issue with high school timetabling across the Highlands and Islands because the small schools want to develop courses but they can't get the number of pupils they need to deliver these courses on their own. There is a need for shared services which should be decentralised.
- Big achievements have been made to get the University of the Highlands and Islands to the position it is in today. Need to ensure that UHI becomes a central driver for further economic growth within the Highlands and Islands.

#### 4.5 ACTIONS

**The next meeting of the CoHI will consider**

- **How the UHI can be supported to realise its full potential to become a driver of economic growth in the Highlands and Islands.**



**This work should fuel the innovation agenda and be carried out through co-design and collaboration.**

- **How best to address the governance challenge, recognising the federal nature of the UHI, but also that a variation of that model may be required (noting that efficiency is not the same as centralisation).**

## **5. FUEL POVERTY**

5.1 DFM moved on to the third agenda item which is fuel poverty.

5.2 Cllr Angus Campbell, Comhairle nan Eilean Siar presented the fuel poverty paper and stated that fuel poverty is a serious and complex issue which severely impacts of the Highlands and Islands because climatic exposure is high, relative incomes are low and fuel costs are significantly higher than in urban areas. Cllr Angus Campbell made the following points:

- Fuel poverty is severely impacting on the quality of life of those living in the remote and peripheral areas. In order to beat this we need an integrated response across different areas of Government.
- A household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income on all household fuel use. Extreme fuel poverty is where that figure rises to 20%.
- The consequences of fuel poverty are misery, discomfort and ill-health.
- Excess winter mortality rates are at their highest levels in Scotland for 15 years.
- The results of the Scottish House Condition Survey show that the average percentage of households in fuel poverty in Scotland is 35% and that the average percentage of household in the Outer Hebrides in fuel poverty is 62%.
- The fuel poverty triangle consists of 3 drivers, homes that are not sufficiently insulated, low household income and high energy costs and costs are especially high on an island with no mains gas.
- To foster an integrated approach to fuel poverty the Outer Hebrides has established an Outer Hebrides Fuel Poverty Strategy and Action Plan. This is a multi-agency fuel poverty action team with members from local business, local housing partnerships and agencies, Highland's and Islands Enterprise and the Citizen's Advice.
- In the Outer Hebrides 175 homes have been insulated through the Scottish Government's Home Energy Efficiency Programmes for Scotland (HEEPS).
- 43% of private homes are totally dependent on heating oil and with no mains gas in the Outer Hebrides, outside of Stornoway many households rely exclusively on electricity for heat and power. However, they are penalised through an average 16% surcharge on their electricity bills to reflect the added cost of distribution electricity to remote regions.
- As the Islands electricity grid has the capacity the best way to tackle this inequality is to take over the means of production ourselves and generate our own electricity. We have launched the Hebrides Energy

Company which is a fully licensed electricity supply company which will generate electricity on the island and retail it directly to island consumers. Without the need for shareholders return or UK transmission charges it is estimated that this clean electricity will be available to island consumers at a significantly discounted tariff.

- The remit of the Scottish Rural Fuel Poverty Task Force set up by the Scottish Government last summer is to develop a set of smart actions which will make it easier and more affordable for people in rural Scotland to keep their homes warm. The Task Force is due to report in September 2016.

5.3 A discussion took place and the following points were made:

- It would be useful to commission a piece of work to quantify how much of our fuel poverty is as a direct result of the 16% surcharge.
- It may be worth the Convention considering if there should be a flat rate for electricity no matter where you live in Scotland (see action below re National Grid and Ofgem to brief the next CoHI).
- The worst fuel poverty is in private lets in rural areas that haven't had intervention from the public sector.
- Winter fuel payments need to more accurately reflect things like wind chill and need to tackle the issue of punitive charges that are applied to prepayment meters for people who can least afford the cost of energy.
- No way of knowing how many people are not categorised as fuel poor because they are spending less than 10% of their income on fuel, but only because they switch the heating off as they cannot afford to spend more.

5.4 DFM summarised and made the following points:

- It would be useful to invite Ofgem and the National Grid to a future CoHI.
- The Government also needs to reflect on how to address some of the points raised within the relatively limited scope of the additional powers coming through the Smith Commission.
- To tackle the issues around energy efficiency the Government can have a discussion about energy costs with the energy utilities and Ofgem.
- There is also the issue of economic opportunity, do people have decent incomes, this gives a route to tackle some of the questions but it also need to look at the thinking behind Hebrides Energy and see if there is a way that this can be more broadly taken forward as a mutual concept because why shouldn't public authorities branch into energy companies.

5.5 **ACTIONS**

- **Invite Ofgem and National Grid to brief members at the next COHI meeting.**
- **Evaluate learning from Hebrides Energy and assess opportunities for taking this approach more widely across COHI region.**

## **6. UPDATE ON THE ISLAND CONNECTORS DELIVERY GROUP**

6.1 DFM moved on to the fourth agenda item which is an update on the Island Connectors Delivery Group.

6.2 Fergus Ewing, Minister for Business, Energy and Tourism opened the discussion and the following points were made:

- At the last Island Area Ministerial Working Group a commitment was made to commission independent analysis on the benefits of island renewables. Members have been distributed a copy of the resulting Baringa Report entitled “Economic Opportunities of Renewable Energy for Scottish Island Communities”. The reports states that the economic benefits of connecting the islands could be up to £725 million over the next 25 years.
- The report highlighted that the island economies would be boosted by up to £83 million a year at peak development phase , that’s a 5% increase in the overall economic output of the island – ownership revenues up to £390 million for local communities by 2040 and more than 1700 jobs created.
- The Scottish Islands Delivery forum is co-chaired by the Scottish and UK Government with representatives from all the island councils, industry partners, Ofgem and the National Grid. At the last meeting it was agreed to appoint Royal Haskoning DHV to develop a proposal for marine energy research and development activities on Orkney that will help to secure the pathway to fuller commercialisation for the sector.
- A further announcement about the availability and level of support for remote islands wind should be made by the UK Government before or just after the UK budget this month (March).
- A State Aid application is also required to be made by the UK Government and is still outstanding. The application is normally put in after the process and criteria have been agreed between the EU and the Member State and the understanding is that the process is largely complete and as such the application should be a formality. The fact that it has stalled is therefore a concern.
- These projects carry with them opportunities to grow the economy; provide up to 5% electricity for the rest of the UK and a means of keeping young people on the islands.

6.3 A further discussion took place and the following points were made:

- Argyll and Bute currently feel excluded as they are not involved in the Scottish Islands Renewables Delivery Forum which is focussed on three existing and advanced proposals for strategic grid infrastructure upgrades to the Western Isles and Northern Isles. Fergus Ewing, Minister for Business, Energy and Tourism stated that he looks to support strategic renewables and infrastructures developments right across Scotland, wherever he can. Mr Ewing would be very happy to meet with Argyll and Bute Council to discuss the points that they raised.
- Scottish Government (SG) is currently putting as much pressure on the UK Government and the Regulator to bring forward provisions that

allows the cables to go ahead. So in the run up to this announcement SG has emphasised to the Secretary of State that the purpose of the joint letter issued today and the report that has been commissioned the benefits of connecting the islands both to the islands themselves and to the GB consumer, because the island projects will represent good value for money alongside other renewables technologies.

#### 6.4 ACTIONS

- **Argyll and Bute Council to arrange a meeting with the Energy Minister regarding support for renewables projects and the Scottish Island Renewables Delivery Forum.**
- **Mr Ewing and SG officials to update COHI on further developments.**
- **All COHI members to consider opportunities for influencing UK Government ahead of its support (CfD) announcement in the coming weeks.**

#### 7. EU FUNDS POST-2020

7.1 DFM moved on to the fifth agenda item which is EU Funds Post 2020.

7.2 Keith Brown, Cabinet Secretary for Infrastructure, Investment and Cities opened the discussion and the following points were made:

- The cohesion policy represents about one-third of the EU's total budget and it's a major component in trying to compete the single market not least through developing poorer regions. It also looks at trying to raise the overall level of economic activity and competitiveness for the entire continent, over time this policy will be changing.
- The 2000 and 2007 programmes focused on the Eastern European members were as the 2014 programmes have introduced a major shift toward global competitiveness and innovation, therefore the investment in roads, harbours, digital and service delivery is highly unlikely to return in the future. However, there is significant potential around higher skills, renewables, marine energy and business-led innovation and although the natural territory of the Highlands and Islands makes it a challenging region to develop progression so far has been largely successful.
- Whatever the results of the European referendum may be we will still want to build a residual relationship with Europe. Therefore, we have to be consistent in making sure we maximise the benefit of EU funding.
- There have been some delays in approving operations' applications but nearly 120 of these will be considered by the approval panel in the next 3 weeks, with the successful applications being announced by the end of the month. These will total around £200 million.
- Over £59 million was announced at Christmas for the Youth Employment Initiative, which was the first to avoid losing valuable youth employment funding for Scotland.
- Some of the lead partners are concerned that the time available to implement the project will be limited where payment processes are required, however, this has been raised as an issue and the managing

authority is looking into extensions of up to a year on a case by case basis.

7.3 John Mason, Director for Economic Development, Scottish Government introduced the paper and the following points were raised:

- There is a need to start thinking now about what will come in 2020 and be able to input as to what is happening with the current programme. This programme will have a mid-year review at the start of next year with the opportunity to give feedback on how the current programme is working and what needs to be changed.
- There are already discussions taking place on what might replace the current set of priorities which are driving the 2014-20 programmes. Some of the Member States might like to see the cohesion part reduced which represents one-third of the budget.
- The Highlands and Islands have benefited with over a billion pounds from structural funds since their inception. However, some of the Member States including the UK would like to see some of these budgets reduced.
- The European Parliament would like to see simplification of European Funds. Discussions on this have already begun to start in Brussels and we need to present our views either directly or through the UK Government.
- The EU is beginning to see a movement around the geography reflecting the accession states, it has global competitiveness and through the Common Agricultural Policy (CAP) programmes it is also beginning to see more emphasis on SME's, dealing with link finance, productivity, competitiveness, innovation and internationalisation which are all the factors proposed in the Europe 2020 programmes.
- Migration, climate, energy and food security are all big issues on the future agenda of the EU. The threat in terms of resources particularly around energy and food are high on the agenda particularly on how Europe ensures that it gets and heat security better locked down within programmes.
- The current agenda in the Highlands and Islands is not reflecting fully with the agendas emerging at European level, therefore we need to ensure that the amount of EU funding that comes into the area is maximised and try and replicate more on the European agenda.
- There are many other funds not tapped into fully, in particularly the European Territorial Operation Fund which is currently doing a lot of work around the agendas on the Artic and the Atlantic. This fund has a large budget and it is all about co-operating and finding partners in Europe where you can do collaborative work to maximise not just EU funds but all funds.
- The European Commission will set out proposals in its seventh cohesion report in the spring 2017, so now is the time to try to influence that process to ensure that positive steps are made to shape the programme for Scotland's benefit.
- Need to ensure that cohesion policy beyond 2020 is integrated and simplified and gets rid of the current policy silos, duplications, gaps and

inconsistencies, plus over 20 different EU grant and loan programmes that operate making it really difficult to actually draw down money and run a programme.

- The Highlands and Islands have increased their GDP to 93% of the European average and that does not take into account the permanent physical and demographic handicaps that are recognised in Article 174 of the Lisbon Treaty.
- There needs to be a shift towards a more result orientated cohesion policy beyond 2020 and it needs to be relevant, accessible and flexible.
- Recognition that cohesion policy should be for all territories it is not just about city deals it's about spending across the regions and making sure it is targeted appropriately. The national financial envelope should still be used as they are at present to ensure each member state/region gets their fair share. It was suggested that there should be a further discussions at the next CoHI.
- Currently around £500,000 per annum is invested through the Common Agricultural Policy (CAP) to rural Scotland through a very specific set of mechanisms. It should be considered if this the best place to put this funding or if it is better spent in other ways in rural Scotland to deliver the growth that will contribute towards the agenda for 2020 onwards. Work still to be done to integrate policy areas and provide a simplified cohesive rural agenda.
- The key argument is to keep cohesion policy on the map in future programmes as 27 months into the current programme as only spent on a small scale and still not spending leader programme, so if the money is important to Scotland need to ensure that it is spent and illustrate the outcomes.
- There is an opportunity here for CoHI members to group together and look at what the future challenges are for the Highlands and Islands. The more organisations are focused to enable collective resources the better chance to influence wider agendas at EU level and also ensure that the priorities of the Highlands and Islands are absolutely crystal-clear.
- A key challenge is sustaining the most remote communities. This requires attracting talented young people from our universities in order to demonstrate to them what the Highlands and Islands has to offer them.
- UHI has benefited tremendously from European funding and are involved in a number of networks, such as the University of the Arctic and the RETI which is a network of island universities. Being involved in these networks puts UHI in a position to influence the next round and respond flexibly.
- In order to relieve the Commission of some of their money we need to ensure that our ambition align to European priorities, the obvious ones being digital, innovation and marine which all play very strongly into the Highlands and Islands agenda. A Ministerial Working Group is to be established which will bring together different players in Europe as well as local authorities and others.

- The Commission is more open and willing to listen to ideas and take more risks than it has done in the past, this requires more collaborative working from Scotland to focus on the best projects, rather than narrative around just wanting a share of funds.
- Important to formulate a coherent Highlands and Islands proposition that can respond to this agenda and position members to ensure that it can be utilised and deployed as effectively as possible.

#### 7.4 **ACTIONS**

- **Scottish Government and HIE, UHI and SFC to organise a workshop for CoHI members to consider key priorities post 2020 for the Highlands and Islands area.**

#### 8. **ROUNDUP OF OUTCOMES FOR THE DAY ANY AGENDA SUGGESTIONS FOR AUTUMN COHI IN THE HIGHLANDS**

- 8.1 DFM moved on to the sixth agenda item which is the roundup of outcomes from today and any agenda items for CoHI in the Autumn 2016. These actions are listed in bold under each agenda item.
- 9 DFM thanked Comhairle nan Eilean Siar for hosting the event especially Dolina MacLeod for her support in organising the event.