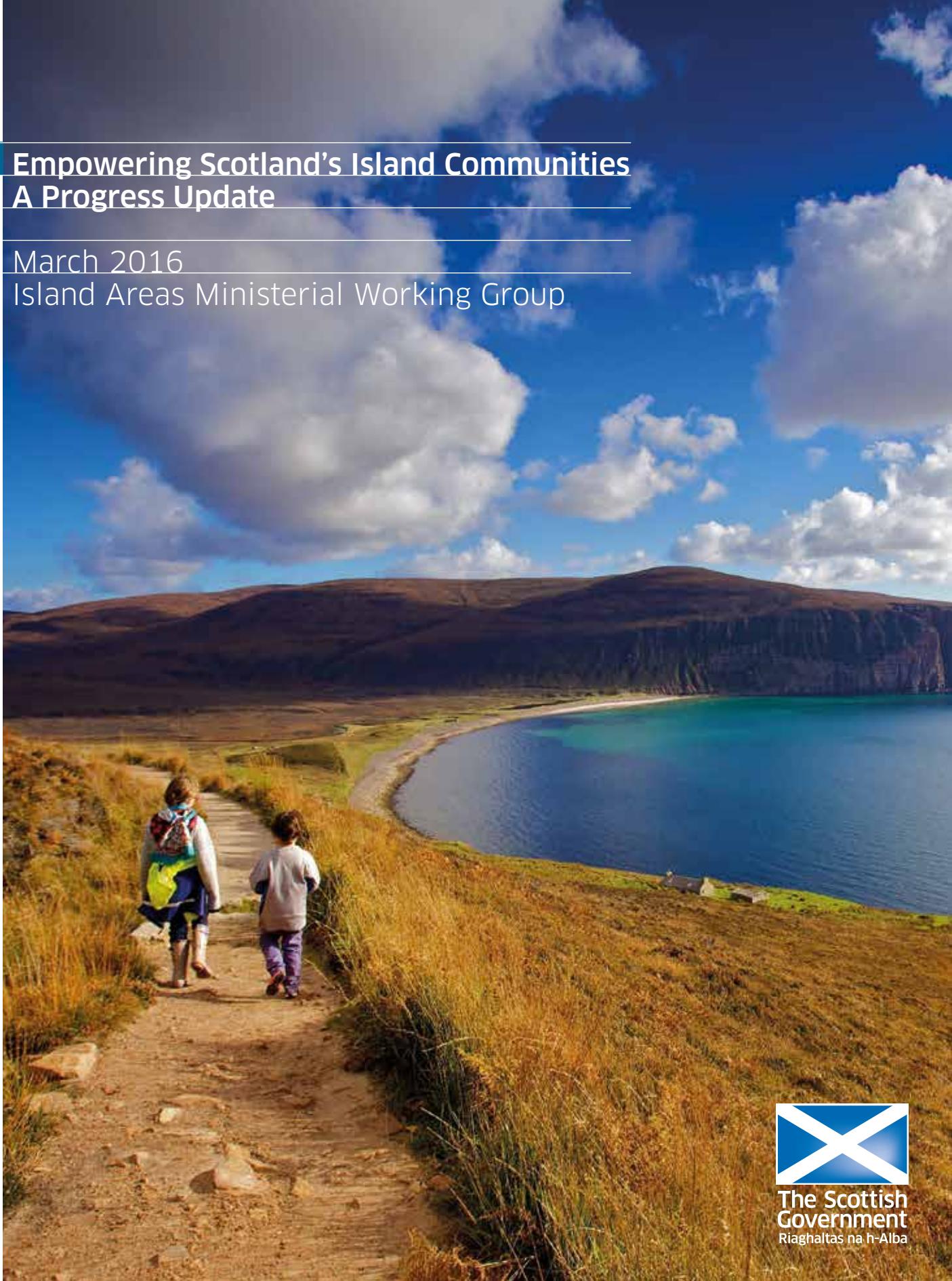


> **Empowering Scotland's Island Communities**
A Progress Update

March 2016

Island Areas Ministerial Working Group



**The Scottish
Government**
Riaghaltas na h-Alba



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Island Areas Ministerial Working Group

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> Foreword
by the Chair of the Island Areas Ministerial
Working Group



Foreword

by the Chair of the
Island Areas Ministerial
Working Group

Since the summer of 2013 the Scottish Government has been working in partnership with our Island Councils to take forward the aspirations behind the Our Islands Our Future campaign not just for the benefit of Orkney, Shetland and the Western Isles, but for all of Scotland's 93 island communities.

There is no questioning the significant contribution our islands make both from a cultural and economic perspective to Scotland, but they do face specific challenges around their geographic remoteness, declining populations, transport and digital connectivity and supporting sustainable economic growth. The establishment of the Island Areas Ministerial Working Group demonstrated the Scottish Government's strong commitment to tackling these challenges. The work the group has taken forward since 2013 has been focused on identifying opportunities to enable our island communities to flourish and prosper by supporting economic growth, job creation and improving services and connectivity.

The *Empowering Scotland's Island Communities* prospectus published in June 2014 set out a blue print of commitments identified by the Scottish Government and the Island Councils as priority areas for action. The delivery of these commitments was at the very heart of the First Minister's decision in her first Programme for Government Statement to re-convene the Island Areas Ministerial Working Group in 2015.

Many key commitments have already been delivered and here we are publishing a progress update on key achievements. This update illustrates the work that the Scottish Government, its agencies and the Island Councils are taking forward across key areas to help support and sustain all of Scotland's island communities. Whilst key commitments have been achieved, work continues in other important areas and I expect to see positive progress in the months ahead.

I am also delighted to be publishing the emerging findings from the consultation undertaken towards the end of 2015 seeking views on provisions for a future Islands Bill. All the views expressed will help inform the future development of a draft Islands Bill. Such a Bill will be a key way of drawing together the various work streams of the Ministerial Group and channelling our focus to ensuring we provide real change for all our island communities.

I believe the work begun back in 2013 has placed the needs and aspirations of all our island communities at the very centre of the Government's empowerment agenda. We have started a very positive journey and made good progress, however, there is more to do. I believe that journey will continue and it will lead to the delivery of lasting benefits for generations to come.

A handwritten signature in black ink, appearing to read 'Derek Mackay', written in a cursive style.

Derek Mackay, MSP
Minister for Transport and Islands

Foreword

by the Our Islands
Our Future Leaders



The three Islands Councils of Orkney, Shetland and the Western Isles continue to promote the empowerment of our island communities, both to reflect the particular characteristics and challenges of our geography, remoteness and small populations – and to allow us to unlock the potential of our islands both for their benefit and the rest of Scotland. Our belief is that this can be achieved by us having the tools – which are available to island communities elsewhere in the European Union – to sort things out for ourselves, building on our resilience and innovation and our passionate care for our communities. By operating on a level playing field where our disadvantages are recognised and mitigated we can achieve the cohesion that is core to the goals of the European Union and the commitments of the Scottish Government.

In his Lerwick Declaration of July 2013 the then First Minister Alex Salmond MSP affirmed the commitment of the Scottish Government to subsidiarity and that the islands should have the ‘maximum degree of local decision making.’ We are pleased to see these principles being recognised in the recent Islands Bill consultation. An Islands Act would allow us not only to address the challenges we face but also to take advantage of the opportunities of our island areas. We also welcome Scottish Government’s commitment to the islands in the appointment of a Minister for Transport and Islands.

The reconvened Island Areas Ministerial Working Group has been pivotal in taking forward our Agenda. At its final meeting prior to the Scottish Parliamentary Elections the Islands Councils outlined their plans to work with both the Scottish and UK Governments in relation to a proposed ‘Deal for the Islands’ to allow us to explore how to achieve inclusive economic growth by providing incentives that help to offset the additional costs of operating from the islands.

It is anticipated that such a Deal would have connectivity as its core. Planes and ferries are what roads and railways are to the Scottish mainland. They are essential lifeline services but often place disproportionate financial burdens on our Councils and we are pleased that work is underway with the Scottish Government to address such issues and also to enhance a joint role in the design of efficient transport services.

Digital and mobile connectivity will also be key strands of our Deal, creating a level playing field for those who live and work in the islands areas and also assisting us to retain our young people as well as to attract others to experience the quality of life we offer.

The key tool to enable us to help ourselves make use of our peerless renewable energy resources is sufficient grid connection to the Scottish mainland to enable us to export electricity and also to pay no more for our electricity than elsewhere in Scotland. We agree with the conclusions of the Consultation on the Islands Bill that decision making should not be top down. We welcome the ongoing discussions with Scottish Government and its officials to explore the possibility of a future statutory or non-statutory pilot of management of the Crown Estate in the context of the Scotland Bill and Smith Commission recommendations. We believe we have shown that we have the necessary skills and experience to assume the management of the Crown Estate assets in our own areas. We would manage these assets with our Communities for the benefit of these Communities as part of an overall economic strategy - Community Empowerment in action.

We agree with the consultation responses to the Islands Bill that, in granting additional powers to local authorities the potential impact on other organisations and key sectors, and the potential costs and means of implementation will require to be considered. We acknowledge the need for research, identification of resources, clarity and definition of proposals, a wider democratic base and decentralisation of power. We have noted with interest the suggestions that alternative administrative structures or models for local government should be explored. It is precisely to this end that we intend with our partners to commission a piece of work as part of the Deal for the Islands looking at how we could take advantage of opportunities for democratic renewal, enhance local democracy and achieve our full economic potential and make full use of our opportunities to work together to deliver services according to the priorities and needs of our communities.

We welcome the progress made in relation to these issues as outlined in this update and look forward to continuing to work with Scottish Government in the context of our Deal for the Islands.

We wish to thank Ministers and officers alike for the productive and helpful way they have worked with us through the deliberations and negotiations of the Ministerial Working Group: Mr Marco Biagi, Minister for Local Government and Community Empowerment, Dr Aileen McLeod, Minister for Environment, Climate Change and Land Reform together with their colleagues Ms Margaret Burgess, Minister for Housing and Welfare and Mr Fergus Ewing, Minister for Business Energy and Tourism. We would particularly like to thank our chairman Mr Derek Mackay Minister for Transport and the Islands.

Although this phase of the work may have come to an end our ambitions for our areas will not and we hope to continue to work productively with the Scottish Government in the Future.



Cllr Angus Campbell,
Leader,
Comhairle nan
Eilean Siar



Cllr Dr Steven Heddle,
Convener and Leader,
Orkney Islands
Council



Cllr Gary Robinson,
Leader,
Shetland Islands
Council

> Promoting Islands Voice



Islands Minister

In November 2014 the post of Minister for Transport and Islands was created within the Scottish Government fulfilling the commitment in the *Empowering Scotland's Island Communities* prospectus. The post provides a clear focus for Island issues and a voice for all 93 of Scotland's island communities within the Government.

Islands Bill Consultation

As part of her first Programme for Government in November 2014 the First Minister confirmed that the Government would consult on further measures that might be included in a future Islands Bill. On the 30 September 2015 the Scottish Government published its consultation which sought the views of island communities and other key stakeholders on a range of issues including the concept of 'island-proofing'; devolution of further powers; the possibility of 'A National Islands Plan'; statutory protection for the Na-h-Eileanan an Iar Scottish parliamentary constituency boundary; and future Councillor representation within island communities.

A total of 192 responses were received to the consultation and the independent analysis of those responses has now been published.

A summary of the key emerging themes from the consultation can be found later in this document.

Parliamentary constituency Protection for Na-h-Eileanan an Iar

In the 2014 Islands prospectus the Scottish Government committed to providing statutory protection to Na-h-Eileanan an Iar constituency matching the protection afforded to the parliamentary constituencies of Orkney and Shetland under the 1998 Scotland Act. This commitment can now be delivered once the powers to do so are transferred to the Scottish Parliament under the 2016 Scotland Act.

EU

The Scottish Government will continue to consult with the Island Councils and communities on EU policies and legislative proposals which impact on the islands and their communities. The views of the Island Councils and communities will be taken into account in developing the Scottish Government's position and the steps we take to influence the UK Government and the EU institutions. Support and advice is also available from Government officials both in Edinburgh and Brussels should our Island Councils or communities require it.

State Aid

The Scottish Government's State Aid advisers covering all policy areas continue to work with the Island Councils to provide State Aid advice and offer training. By being able to access such expertise, especially in the policy areas of importance to the islands, the Councils are better able to develop measures to assist their economies in compliance with State Aid rules. For schemes that require notification to the Commission the Scottish Government can deploy its expertise and resources in its Brussels office to assist the Island Councils.

Islands Deal

Through the Island Areas Ministerial Working Group the three wholly Island Councils are seeking to take forward a regional 'Deal' for their Islands which would explore ways of enhancing local democracy and achieving the full economic potential of their communities. The Island Councils are seeking to create a differentiated approach that delivers a package of measures, tailored to the individual and unique needs of their three areas, recognising their history as unitary Councils with a proven commitment to community leadership and engagement. Scottish Government Ministers have committed to ongoing dialogue and assistance with the Island Councils, as appropriate, as they develop their proposals, alongside their engagement with other public sector partners and the UK Government.

> Harnessing Islands Resources



Crown Estate

A key prospectus commitment by the Scottish Government was to give island and coastal councils the net income from Crown Estate marine assets out to 12 nautical miles, following devolution. We continue to believe that the marine assets of island communities are key to their future and the wealth that is generated should be reinvested as provided for above to safeguard that future. Aquaculture and Crown Estate rental incomes are particular opportunities for island communities to secure community benefit that can help to empower them to fulfil their potential.

Alongside re-affirming this commitment, the Scottish Government has also discussed with the Island Councils the potential for increasing local accountability for Crown Estate assets ahead of a Scottish Bill on the future management framework for Crown Estate assets in Scotland after devolution. We have been engaging with the Island Councils to explore the possibility of a future statutory or non-statutory pilot of management of the Crown Estate (in the context of the Scotland Bill and the Smith Commission recommendations), and this dialogue will continue.

Our vision continues to be that future development of the islands and the seas around them are planned and managed for all our benefits through an agreed arrangement of national, regional and local partnerships, with the Scottish Government and local authorities as central partners having a share in these responsibilities.



Energy

Scotland's islands have long played an important role in energy production that has brought social and economic benefits to the islands and the rest of Scotland. With their considerable potential for renewable development they will continue to be an important source of energy in the future.

The Island Councils have strong track records stretching over 40 years in local management and commercial extraction of marine resources, through formal arrangements such as works licensing under the Zetland and Orkney County Council Acts and agreements with the oil industry.

We are working hard to support the oil and gas sector, recognising the challenges currently facing the oil and gas industry noting that Orkney and Shetland, with their large harbour areas more adjacent to the oil production and exploration area, can do much to reduce



the excessive cost base of the oil sector. The Scottish Government has acted decisively, using the levers under our control, to support the industry; including establishing the Energy Jobs Taskforce as well as actively influencing the UK Government to implement the appropriate fiscal and wider policy framework. We are continuing to press the UK Government on these issues. We have also set up a £12 million Transition Training Fund to augment the work of the Energy Jobs Taskforce to help people who have lost, or are at risk of losing, their jobs in the oil and gas sector to either retrain or to undertake further education.

Our prospectus for *Empowering Scotland's Island Communities* made clear that we are committed to supporting capital projects on the islands to support both the oil and gas industry and renewables. With a view to the economic opportunities around decommissioning Highlands and Islands Enterprise (HIE) approved £1.195 million to Lerwick Port Authority (LPA) (including £324,416 from ERDF) towards an £11.95 million investment to strengthen and develop quayside infrastructure at Dales Voe South in Lerwick in 2014/15. In addition HIE approved £628,000 to Peterson (UK) Ltd towards its 'Deep Water Shetland' project to further expand its decommissioning capability at Lerwick Port. The projects are complementary and will help secure Shetland's place as a decommissioning centre of excellence in future, placing Shetland at the forefront of an emerging sector.

Over the past decade we have supported community renewables generation schemes on the islands through schemes such as the Scottish Government's Community and Renewable Energy Scheme (CARES) and the Renewable Energy Investment Fund (REIF), for example the 9MW Point and Sandwick community wind farm in Lewis, and the District Heating Loan Fund, for example the £1.6 million loan committed for 2MW of sea water source heat pump for the Shetland Heat Energy and Power (SHEAP) district heating scheme. A number of communities in Orkney have successfully obtained CARES innovation support and are currently developing projects to consider options for local energy use. For example, a project in Orkney has been offered £1.46 million under the CARES Local Energy Challenge Fund Round 1 to develop a major capital project incorporating electricity generation, hydrogen production and local transport needs. Four island projects have been supported at the feasibility stage of the 2nd round of the Local Energy Challenge Fund; two from Orkney and two from the Western Isles.

The Scottish Government has strongly promoted the advantages of community benefit and shared ownership encouraging developers to deliver community benefits at £5,000 per installed MW per year and to explore opportunities for increased levels of ownership with local communities.

We are also working with the UK Government through the Scottish Islands Renewables Delivery Forum, chaired jointly by Scottish and UK Government Ministers to establish a distinct category of support for remote islands onshore wind, one that recognises the very high costs of establishing grid infrastructure necessary to connect Shetland, Orkney and the Western Isles to the mainland transmission grid. Through the work of this group Department of Energy and Climate Change (DECC) has developed a Contract for Difference (CfD) for remote islands to sit alongside other 'less established technologies' and will formally seek the European Commission's state aid approval for the scheme when CfD budgets and strike prices are announced in Q1/Q2 2016. Ofgem has also worked with the transmission owner (SHET) and developers to streamline processes for approving needs case for the island connections. The Scottish Government has also commissioned an independent study into the challenges and implications of poor grid connections for the islands.

The Scottish Government is currently developing a new, overarching energy strategy for Scotland that will build on our desire for communities to see the benefits of more localised energy production and will take account of the characteristics of remote energy systems such as those on Scotland's islands. This includes: assessing opportunities for the aggregation of supply and demand at a local level; finding more ways to bring the supply of low carbon energy closer to people and maximise local benefits; and exploring how new models of provision that permit a greater community stake in the energy system can be supported. With regards to lower carbon energy, the migration of many transport and energy production assets to Liquefied Natural Gas (LNG), most notably ferries, the islands have a part to play in any future LNG infrastructure strategies and policies which would be developed with the long-term goal of a decarbonised energy system by 2050.

Marine Planning

The Scottish Government committed to delegating statutory regional marine planning for the Island areas (to 12 nm) to local Marine Planning Partnerships in which the local authority would play a lead role. Boundaries for Marine Regions are now confirmed in statute

(Scottish Marine Regions Order 2015). Shetland is one of the first Scottish Marine Regions to establish a Marine Planning Partnership. Orkney is working with The Highland Council and Marine Scotland to pilot a voluntary regional marine plan – the lessons learned could help to inform the development of a Marine Planning Partnership in Orkney and regional marine plans across Scotland.



Alongside this Scottish Ministers adopted our first National Marine Plan in March 2015. This sets a framework for sustainable development for all Scottish waters out to 200 nautical miles and is binding on all UK public authorities. The Plan establishes a consistent base for the future development of regional marine plans and ensures an ecosystem based approach to development.

Fisheries

The fishing industry is one of the key employers in our island communities. The Scottish Government recognises the need to support the industry and supports the principle within the Common Fisheries Policy of the EU which states ‘Small offshore islands which are dependent on fishing should, where appropriate, be especially recognised and supported in order to enable them to survive and prosper.’ The Scottish Government will continue to press and represent our island communities case where specific issues arise during international negotiations. Alongside this, the Scottish Government has taken additional steps to ensure our islands are given greater collective representation on the Fisheries Management and Conservation Group and the Inshore Fisheries Management and Conservation Group. A reformed network of Inshore Fisheries Groups will also help improve local engagement and participation, involve local stakeholders (including fishermen) in decision making, and provide a framework for fisheries advice to feed into wider marine planning.

Aquaculture

The Scottish Government recognises the importance of the Aquaculture industry to our island communities. That’s why the Government committed to a request from the Island Councils for collective representation on the Ministerial Group for Sustainable Aquaculture. Alongside this the Government and Island Councils have been working with the aquaculture industries and those involved in the regulatory framework to develop a ‘planning brief’ for aquaculture to underpin further development and growth of the sector, including the creation of a ‘community benefit charter’. Shetland Islands Council has drafted a local authority Development Concordat. Completion of this has been delayed until the

arrangements regarding the Crown Estate are finalised. The industry have prepared a community engagement charter which is currently in draft form and is expected to be launched and published in spring 2016.

Crofting & Agriculture

The Crofting Stakeholder Forum (CSF) was established in 2014 by the Scottish Government at the request of stakeholders. Its purpose is to consider crofting stakeholder interests and how crofting interfaces with Scottish Government crofting policy. The Forum has representatives from a range of organisations including the Scottish Crofting Federation; NFU Scotland; COSLA; the Crofting Commission; Highlands and Islands Enterprise; Scottish Land and Estates; and young crofters.



The CSF members have recently written to the Minister for Environment, Climate Change and Land Reform and set out five priority areas for crofting, along with recommendations for action. The priority areas are: simplify crofting legislation; promotion of new entrants to crofting; increase provision of affordable housing in the crofting areas; establishing different crofting development arrangements; and financial incentives. The Scottish Government will set out its response shortly.

The Croft House Grant Scheme (CHGS) provides crofters with financial assistance towards the cost of building or improving croft houses. This helps to attract and retain people in the crofting areas. Currently around £1.4 million of support is provided through CHGS each year and this supports the construction or improvement of around 60-70 croft houses. Since 2007 the Scottish Government has approved over £14 million of CHGS payments to almost 700 crofters.

The current Scheme has been operating since 2006. Following requests from stakeholders the Scottish Government carried out a consultation between 6 January and 31 March 2015, on potential changes to the Scheme. A further short engagement exercise took place between 8 November and 4 December 2015. On 1 February 2016, the Minister for Environment, Climate Change and Land Reform laid the regulations for the new Croft House Grant Arrangements (CHGA). The new Arrangements will come into force in April 2016.

The current Scheme is available at the three rates of £11,500, £17,000 and £22,000k. The new Arrangements will be available at the two rates of £28,000 (standard) and £38,000 (higher). **All island areas will now be eligible for the higher rate.**



A selection mechanism will be used under CHGA to ensure that support is targeted at those most in need. Another benefit of the new arrangements is that eligibility has been extended to give parity to owner-occupier crofters, tenant crofters and to include the crofting areas that were designated in 2010.

Rural

The Scottish Government's commitment to the establishment of Scotland's first Rural Parliament in 2014 provides a platform to help empower rural communities, including those in our islands, giving them a stronger voice to initiate change at a local and national level. Over 400 people attended the first national meeting of the Rural Parliament in November 2014 with representation from every rural local authority in Scotland. An Action Plan was published in July 2015 which Scottish Rural Action (SRA) are taking forward with others on behalf of rural communities. The Action Plan highlights that many of the opportunities and challenges faced by island communities are also faced by communities in other parts of rural Scotland e.g. transport, broadband and access to services issues. The Scottish Government has provided £200,000 to support Scottish Rural Action to help enable the delivery of the objectives set out in the Rural Parliament's Action Plan along with other key partners. The next national Rural Parliament event will take place between 6-8 October 2016 in Brechin <http://www.scottishruralparliament.org.uk/>.

The Scottish Government has also ensured that Island Councils are represented on the Rural Development Operational Committee and Joint Programme Monitoring Committee for the Scottish Rural Development Programme.

> Enhancing Islands Wellbeing



Supporting Economic Development

The Scottish Government is committed to delivering sustainable economic growth right across Scotland, particularly in our island communities. Highlands and Islands Enterprise (HIE) as the Scottish Government's lead agency for economic development in the Highlands and Islands takes a lead role in seeking to create regional growth and development to identify investment opportunities that will be a catalyst for change and to ensure that the Highlands and Islands derives maximum benefit from existing and emerging opportunities. Working with partners, stakeholders, businesses and communities, HIE has improved the region's competitiveness and tackled the inequalities associated with sparsity, peripherality and the historically narrow economic base.

HIE's vision is for the Highlands and Islands to be a highly successful and competitive region in which increasing numbers of people choose to live, work, study and invest. In realising this vision HIE pursue a number of long term ambitions and by 2020 aims to see a Highlands and Islands that is:

- » a world class digital region;
- » an international centre for marine renewables;
- » home to more growth businesses operating in international markets;
- » recognised internationally for digital healthcare and marine science expertise;
- » characterised by dynamic, sustainable communities;
- » a globally-connected region; and
- » an attractive region for young people.

These ambitions have a distinct resonance in island areas where opportunities related to marine renewables and digital developments are particularly significant. Through capitalising on the provision of new infrastructure and working directly with businesses to improve their competitiveness – through an increased focus on international markets and innovative business practices – HIE seek to help create more high-paying job opportunities to attract and retain economically active people across the islands. HIE's area policy ensures that those based in remote, rural and island communities have access to its wide ranging business support services. HIE is working to ensure that digital solutions are used to full advantage and travel subsidies are

now in place for participation in a leadership development programme. Intervention rates reflect the challenges of bringing forward developments and are therefore higher in fragile areas.



In addition, major region-wide projects are having a considerable impact in the islands such as the roll-out of Next Generation Access Broadband through investments led by BT and the delivery of Community Broadband Scotland (on behalf of the Scottish Government). Other significant investments in recent months include investment to extend the BASF Pharma factory at Breascleite; investment in the Lews Castle development, led by Comhairle nan Eilean Siar; support for the growing Harris Tweed sector; assisting the new Isle of Harris distillery; and investment in a shellfish hatchery research project in Shetland.

In Orkney, HIE is building on its long-term investment in European Marine Energy Centre (EMEC) and has recently provided support for the indigenous tidal developer Scotrenewables Tidal Power Ltd. Working with Orkney Islands Council, HIE is seeking to progress development of a research campus initiative which will support the growing marine renewables sector.

On energy policy, HIE continues to work closely with Island Councils and Scottish Government to support the case for island grid connections and influencing revenue incentives that will benefit our island communities.

HIE is working intensively with around 50 communities in its most fragile rural areas. Building on its long history of support in remote areas HIE is investing to encourage account managed communities which want to develop and implement plans for local growth. Working in partnership with local councils and other public agencies, the community account management initiative has identified and engaged with communities that are keen to lead their own development. HIE are currently working with the North Mavine, Fetlar, Unst and Fair Isle communities in Shetland; Sanday, Hoy, Papay and Birsay communities in Orkney; and Barra/Vatersay, West Harris, Lochs, Galson, South East Harris and North Uist communities in the Outer Hebrides. Major infrastructure investment in the islands includes the £10 million Lochboisdale harbour project in South Uist which opened officially in September 2015.

Finally, an important aspect of HIE's work over the past 20-years has involved providing support to communities to take ownership of land and assets. Significant purchases in the Outer Hebrides in the last two years have resulted in some 47% of the landmass coming under community ownership with over 70% of the population now living on community-owned estates. Major purchases supported by the Scottish Land Fund (SLF) (delivered by HIE on behalf of BIG Lottery and the Scottish Government) include Carloway Estate Trust and Pairc Trust. A further three Outer Hebrides projects are in the SLF pipeline, along with two in Shetland and four in Orkney.

Island Innovation & Enterprise Zones

HIE is also working closely with Island Councils to support their future plans to establish local Island Innovation Zones to provide a clear focus on the specific opportunities available in each island area. The Scottish Government has also extended the duration of the Enterprise Areas established at Arnish in the Western Isles as well as Hatston and Lyness in Orkney by three years to 2020.

Community Empowerment

A key driver for the launch of the Our Islands: Our Future campaign was to empower island communities to take more responsibility for their own growth, development and ultimately their futures. The passing into law of the Community Empowerment (Scotland) Act 2015 was therefore one of the key responses by the Scottish Government to the call from our island communities for more empowerment.

The Act provides a framework which will empower community bodies through the ownership of land and buildings and strengthening their voices in the decisions that matter to them. It is supported by the £19.4 million Empowering Communities Fund which has invested in hundreds of community-based organisations supporting thousands of people across Scotland, many within our island communities.

Participatory Budgeting

Another key tool for community engagement supported by the Scottish Government which is having a positive impact on our island communities is Participatory Budgeting (PB) which sits alongside the objectives of the Community Empowerment (Scotland) Act 2015. Participatory Budgeting is seen as an important resource to build on the wider development of participatory democracy in Scotland.

Since June 2014 the Scottish Government has been raising awareness of Participatory Budgeting and setting the conditions for it to be delivered in a meaningful and sustainable way across Scotland.

During 2015/16, the Scottish Government is part-funding Participatory Budgeting consultancy support for a number of local councils across Scotland, including all those with direct responsibility for island communities. The Scottish Government have also invested over £500,000 in Participatory Budgeting projects across Scotland, including Highland, Shetland and North Ayrshire. Participatory Budgeting is now gathering momentum across Scotland with over 50 events giving people a direct say on budgets expected to take place in 2016, more than double the number organised over the last few years. On 28 February 2016 the Scottish Government announced a new £2 million Community Choices Fund to build on this investment which will massively expand opportunities for councils, communities and public bodies to get people involved in decision making.



Community Ownership/Land Reform

The Scottish Government's Land Reform (Scotland) Bill will fundamentally change the relationship between the people of Scotland and the land on which we all work, live and depend. We want to ensure that land delivers for the people of Scotland which is particularly important for our island communities where so many earn their living from the land. The Bill includes wide ranging measures to address issues of fairness, equality and social justice connected to the ownership of, access to and use of land in Scotland and will seek to build on the foundations laid by the Community Empowerment (Scotland) Act 2015.

The Scottish Government is committed to achieving its target of having 1 million acres of land in community ownership by 2020. To date over 500,000 acres are now in community ownership and further funding support is being made available through the Scottish Land Fund which will increase from £3 million to £10 million this year to help communities to buy local assets.

Regeneration

Regeneration is about building sustainable communities which means they are economically, socially and physically sustainable. The Scottish Government's regeneration strategy gives the framework for local action to tackle area inequality, create opportunities and improve communities. Regeneration is about targeting funding to support change according to the needs of communities. It means ensuring our activity focuses on outcomes and put communities first, involving local residents and empowering communities to take action themselves.

Through the Regeneration Capital Grant Scheme; the People & Communities Fund; and the Strengthening Communities Fund the Scottish Government is supporting numerous regeneration focused projects across our island communities.

Housing

The Scottish Government recognises the unique issues associated with provision of housing in rural Scotland, especially in our island communities. We have listened to rural stakeholders and to help address these issues we have introduced a new three year £25 million rural housing fund.

The Rural Housing Fund will increase supply of long term affordable housing in rural areas over the next three years by assisting the building of new homes and refurbishment of existing buildings. It complements existing investment in affordable housing directed through Registered Social Landlords and Local Authorities filling gaps in provision. The homes delivered through the Rural Housing Fund will contribute to the Scottish Government's commitment to build 50,000 new homes across Scotland over the next five years, backed by £3 billion.

Fuel Poverty

The Scottish Government recognises the particular issues facing island communities in heating their homes affordably. This is closely linked to the additional costs for heating in the Islands as detailed in the energy section. As recommended by the Joint Housing Delivery Plan, the short-life Scottish Rural Fuel Poverty Task Force was established in August 2015 to identify the issues facing rural and island areas in providing affordable, warm homes and to propose solutions. The recommendations and potential solutions identified by the Task Force will feed into the development of fuel poverty policy and inform new energy efficiency programmes. The task force is made up of representatives from a range of organisations with an interest in energy efficiency and fuel poverty in Scotland's more remote areas, including representatives from each of the island areas, and is independently chaired by Di Alexander. The Task Force is due to report in the autumn of 2016. The report will inform the design and implementation of the Energy Company Obligation and Warm Homes Discount following their devolution to Scotland.

However, the Scottish Government is already doing what it can to help island communities improve the energy efficiency of their homes. In 2015-16, £48 million of the £65 million available for the Home Energy Efficiency Programmes for Scotland: Area-Based Schemes (HEEPS: ABS) is allocated on the basis of need which takes into account levels of fuel poverty and reflects the different types of properties within rural areas. Since 2013 the maximum grant available to households in very remote rural areas (including all island communities) has risen by almost 40% to £9000.

In addition, the national fuel poverty scheme HEEPS: Warmer Homes Scotland was formally launched in September 2015. The scheme is being delivered on a regional basis by Warmworks (including a separate Islands region) to ensure that all households, including those living in more remote parts of the country get the same level of service as those in urban areas. Warmer Homes Scotland has a strong focus on fabric measures, such as insulation to improve the energy efficiency of the Scottish housing stock. It also includes microgeneration measures to offer a wider range of heating options to off-gas households. The contract also includes an obligation on Warmworks to engage with community groups, improve skills, create jobs and training opportunities. It was the first Scottish Government contract to require payment of a Scottish Living Wage for both core staff and subcontractors.

Transport Governance

Another key commitment from the 2014 prospectus was to create an Islands Transport Forum. The first meeting of the new Forum chaired by the Minister for Transport and Islands took place on 12 January 2016. The Forum will meet twice per annum. The remit of the group was agreed and will cover strategic transport issues affecting the islands. It will ensure a greater involvement of the Islands Councils and those other local authorities with inhabited islands in the design, commissioning and where appropriate properly funded delivery of Transport Services to, from and within the Islands with the purpose of achieving:

- » continuous improvement in air and ferry services to, from and within the Islands;
- » the most fair and efficient use of air and ferry resources, to the benefit of the Islands and Scottish Government; and
- » integrated transport services that are designed and commissioned with a view to ensuring sustainable economic growth and community development within the Islands.



Ferries

The Scottish Government is fully committed to delivering first class sustainable **ferry services** to our island and remote rural communities and recognises the importance of all Scotland's ferry services and the significant contribution that they make to the social, cultural and economic wellbeing of our islands.

A clear commitment has been made to our ferry services to support our island communities with an investment of a record £1 billion in port infrastructure, vessels and services in the Clyde and Hebrides and to the Northern Isles since 2007. This has included the complete roll out of the Road Equivalent Tariff (RET) to all ferry routes in the Clyde and Hebrides network; investment in new vessels including the MV Loch Seaforth at a cost of £41.8 million; two new 100m dual fuel vessels at a cost of £106 million; and three hybrid vessels, the latest of which, the MV Catriona, cost £12.3 million. Alongside this, the Government has also invested heavily in harbour infrastructure in Ullapool, Stornoway, Brodick and Kerrera with improvements worth over £45 million either made or underway. Ferry services to the Northern Isles are supported by a £223 million, six year contract awarded in 2012. There is also the ongoing procurement of the new Clyde & Hebrides ferry services contract which will be awarded later this year. The contract is for eight years with an estimated cost of some £1 billion.

Transport Scotland is jointly funding Scottish Transport Appraisal Guidance (STAG) style studies for both Orkney and Shetland Islands to consider future internal transportation and infrastructure requirements. Transport Scotland is also leading a study to inform the specification for the next external Northern Isles Ferry Services contract.

The Scottish Government is committed to the principle of fair funding in the provision of ferries. This is particularly true in relation to the revenue and ferry replacement costs of both Orkney's and Shetland's internal ferry services. The Scottish Government is fully engaging with both Councils on this issue and will be considering their proposals in detail in order to achieve that fair funding position.

Aviation

The Scottish Government remains committed to supporting air services to the Highlands and Islands through funding of Highlands and Islands Airports Limited (HIAL), the Air Discount Scheme (ADS) and our Public Service Obligation (PSO) routes.

ADS has been extended to 2019 and in recognition of concerns around affordability of air travel in the Highlands and Islands, the ADS discount has been increased from 40% to 50%, the maximum allowable.

Two new aircraft for use on the PSO air services from Glasgow to Campbeltown, Tiree and Barra have been purchased at a cost of £10 million. This has enhanced the services for the new contract period from 2015 to 2019 by providing additional services on all three routes.

Islands face particular challenges in relation to the longer-term provision of air services. Scottish Government has recognised these challenges and, following discussion at the Island Areas Ministerial Working Group, it was agreed that the Island Councils would produce a scoping study to look at these vital services in their totality. The report is due soon.

Tourism

In the 2014 prospectus the Scottish Government committed to supporting a stronger partnership between key partners to make the most of the opportunities to promote tourism to Scotland's islands. Recognising the strong brand identity of Scotland's islands, VisitScotland delivered inspirational campaigns to encourage more people to visit Scotland's islands in 2014 and 2015.



A key campaign was Brilliant Island Moments which, working with Calmac and Northlink Ferries saw some 8,000 free ferry tickets made available to the public through competitions. This campaign underscores the close working relationship VisitScotland has with ferry operators, local councils and Destination Management Groups. VisitScotland also has a memorandum of agreement with Orkney Islands Council which sees the council purchase marketing services from VisitScotland each year. VisitScotland then delivers bespoke campaigns highlighting Orkney in agreement with the council and local businesses.

VisitScotland also works closely with the Shetland Amenity Trust and Promote Shetland, featuring Shetland imagery in the successful UK and International Brilliant Moment Campaigns. It has developed a strong relationship with proactive Outer Hebrides Tourism, presenting at their conference in 2015 and working with them to support the creation and delivery of their brand.

Throughout 2015 the Chief Executive of VisitScotland met with local groups, businesses and community groups from the Islands (Shetland, Orkney, Outer Hebrides, Arran and the Inner Hebrides) to discuss future ways of working and priorities for the coming year.

As part of VisitScotland's strategy to widen its footprint of information points they have been engaging with businesses, social enterprises and local community groups across our islands to seek their input to information provision. In the Outer Hebrides, as an initial step, groups and businesses are being encouraged to become part of the VisitScotland Information Partner Programme (VIP). The VIP programme has been developed to recognise and support the great effort that businesses across all sectors undertake to bring Scotland to life and help visitors make informed choices to ensure they get the most from their visit. It recognises that that very local knowledge is what visitors are looking for.

The Scottish Government will also work with the Island Councils to take advantage of the opportunities provided by the cruise industry.

Culture and Creative Industries

The Scottish Government is committed to working with our Island Councils, Creative Scotland and other partners to support the distinctive, diverse cultures of island communities and assist their development and growth.

Our island communities have proud traditions with rich and vibrant cultures. It is however recognised that cultural organisations and

individual artists working in remote, rural and island locations do face distinct challenges perhaps not faced by those in urban areas. Through Creative Scotland, the Scottish Government is committed to trying to ensure that communities across Scotland can access high quality arts and have opportunities to participate in creative activity.



The Scottish Government recognises that our islands' culture and heritage is of unique and exceptional value to Scotland, and arguably the world, in terms of its creative quality and the contribution it makes to sustaining island communities socially and economically. The Scottish Government is committed to exploring the opportunities presented by Norse culture and will engage with the Island Councils in this regard.

Creative Scotland funds five organisations on a regular basis in the Orkney Islands, Shetland Islands and Outer Hebrides in addition to awarding a wide range of project grants to companies and individuals across Scotland's island communities. This includes the Shetland Arts Development Agency, the Pier Arts Centre (Stromness) and St Magnus International Festival (Kirkwall), An Lanntair (Stornoway) and Taigh Chearsabhagh (Lochmaddy).

Creative Scotland also fund projects across a wide range of artforms delivered by individual artists and organisations. It's project funding covers a wide range of activities, including festivals, which play a very important part in island life as well as attracting tourists who contribute to local economies. Infrastructure development has played an important part and Creative Scotland have contributed significant capital funding to a number of building projects including the Pier Arts Centre and the Pickaquooy Centre in Orkney, Mareel in Shetland, and An Lanntair and Taigh Chearsabhagh in the Outer Hebrides.

The Scottish Government is a strong supporter of all Scotland's indigenous languages and wants to see all bodies working together to support and promote their use. We recognise the cultural, economic and social benefits that they bring to the whole of Scotland. To ensure that our languages remain supported at a national level the Scottish Government has ensured that our budgets have been protected with £28.75 million in 2015/16.

The Scottish Government also recognises the important role that MGAlba has in supporting the Gaelic language and Scottish based production companies. Through the commissioning of programmes it continues to have strong reach and the Gaelic channel BBC Alba

attracts an average of around 700k viewers per week. With this cultural and economic value embedded the channel has baseline funding of £11.8 million.

Digital – Broadband/Mobile

Ensuring that everyone in Scotland can access high quality digital connectivity is a priority for the Scottish Government. The Scottish Government recognises the economic and social importance of broadband access to remote and rural communities across Scotland. Telecoms regulation is currently reserved and we continue to lobby to explore how a universal service obligation (USO) for broadband could be implemented. This underpins our economic strategy – helping our businesses reach new markets while ensuring that people can work flexibly wherever they are in Scotland.

Launched in 2013, our Digital Scotland Superfast Broadband (DSSB) programme led by Highlands and Islands Enterprise (HIE) in the Highlands and Islands region is bringing fibre broadband into those areas where the market would not invest. Under the contract significant progress has now been made with new subsea cabling now providing high-speed, high capacity backhaul to Orkney, Shetland and the Western Isles. Furthermore, the benefits of the first phase of the roll-out that will see a minimum coverage of 70% in each of the Island Councils are now starting to be realised. Delivery of fibre broadband across all three Island Councils will progress during the course of 2016 and working with the councils the Scottish Government will seek to take forward the next phase without delay. £42 million funding has been made available so far for a second phase of our broadband programme. This funding will target those local authorities with the lowest overall coverage to bring them up to at least 90% coverage and consequently directly benefit the Island Councils. The Scottish Government intends to announce our procurement plans later this year.



In parallel, Community Broadband Scotland (CBS) continues to make good progress. The pioneering of an aggregated approach to procurement, first trialled in the Gigaplus Argyll Project, allows CBS to attract greater market interest yielding better value for money and wider community benefits. We are pleased that there is positive engagement between CBS and many island communities to support the development of projects, such as those currently in train on Orkney, North Skye and the North Isles of Shetland. CBS continues to work with the Scottish Wide Area Network (SWAN) programme to identify opportunities to use its infrastructure to benefit community projects.

Mobile connectivity holds enormous importance economically, socially and in terms of emergency cover and we are committed to ensuring no part of Scotland is left behind. Commercial 4G rollout will see 95% of Scottish premises with indoor coverage by the end of 2017. The Scottish Government successfully lobbied Ofcom to ensure the coverage obligations associated with 4G spectrum licenses contain a specific target for Scotland and not merely a UK-wide one. This will help avoid the failure of 3G rollout which left many parts of Scotland, including many island communities, without coverage.

Working with HIE, Scottish Futures Trust and the mobile industry we are developing a collaborative approach designed to maximise the coverage of 4G in Scotland. We are committed to removing barriers to investment in mobile. On 1 April 2016 we will launch a scheme offering non-domestic rates relief on new masts in non-commercial areas. Initially being piloted in Arran and Cairngorm, if successful, we will extend the scheme throughout Scotland. Furthermore, we are also examining how further planning reform and the use of public sector assets could remove any unnecessary barriers to commercial rollout. We are also working closely with the Home Office to exploit opportunities to future-proof some of the masts built as part of the Emergency Services Mobile Communication Programme (ESMCP) to ensure wider benefits accrue to remote and rural areas. These activities will form part of a joint government and industry action plan on mobile which we are developing and on which we will consult with wider stakeholders, including the Island Councils.

Scotland's Schools for the Future Programme

A key commitment of this Government is investment in our Education system. Scotland's Schools for the Future Programme is seeing a £1.8 billion investment in schools infrastructure which includes support for a number of key school building projects across our Islands including Shetland, Orkney and the Western Isles.



Islands Education Partnership

Alongside this the Scottish Government in partnership with Education Scotland and the three Island Councils is working collaboratively to develop a partnership agreement to address the key challenges faced in delivering an education service within rural, remote island communities. This includes the development of common work plans for early intervention; early years collaborative; developing the young workforce; and providing equality of opportunity and choice for pupils through enhanced e-learning.

The Government is also working closely with Comhairle nan Eilean Siar in the development of its e-learning plans which will enable all senior phase students to have access to the full curriculum irrespective of which school they attend. Once operational, the hope is this system can be shared between all three Island Councils. Other initiatives include the development of a joint approach to using performance data more effectively to target intervention and measure and evaluate improvement; and for the three Councils and the Scottish Government to work more closely to 'island-proof' future strategies.

Skills

The Scottish Government is committed to continuing to develop skills training capacity on the islands to service local industries. The Highlands and Islands Skills Investment Plan (SIP), endorsed by Convention of the Highlands and Islands in October 2014 includes an action plan to further align skills provision with the local labour market needs. Although published the SIP remains a 'live' document with the public sector agencies continuing to work with local businesses and partners to support their local training and labour market needs.



Skills Development Scotland (SDS) has formalised the support and governance of the Highlands and Islands Skills Investment Plan, with the establishment of a Programme Management Board, chaired by Norman MacDonald, Convener of Comhairle nan Eilean Siar. The Programme Board is committed to having all Local Authority Skills Action Plans aligned to the H&I SIP and in place by October 2016. SDS is providing financial support and expertise to assist those working to finalise their plans. The Programme Board has committed to regular meets that will be held across the Highlands and Islands allowing members to access and explore innovation and good practice in projects and initiatives that support skills development, promote career awareness and course development relevant to the needs of the local economy.

Additionally, the Scottish Government aims to support the establishment of up to 21 industry-led Developing the Young Workforce (DYW) Regional Groups across Scotland by the end of June 2016. The groups aim to: encourage and support employers to engage directly with schools and colleges; and challenge and support employers to recruit more young people into their workforce.

European Funding

European Structural Funding is a key driver for change in our island communities. The Scottish Government is currently implementing the 2014-2020 European Structural Funds Programmes. The funds are focused on EU priorities in areas such as employment, innovation, education, poverty reduction, climate/energy. They align with Scottish Government priorities to reduce poverty and social exclusion, boost educational attainment and skills development, grow employment levels, economic activity and innovation, and climate change/renewable energy, all key issues affecting our island areas.

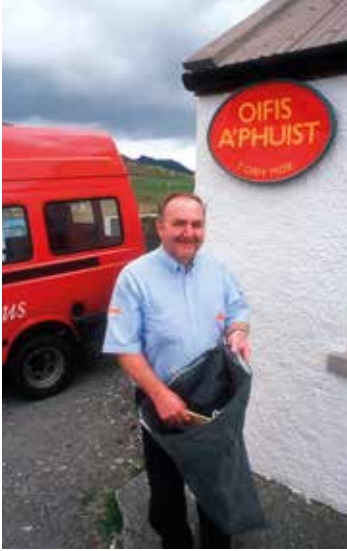
Activity is delivered through strategic interventions (SI) and to date Scottish Ministers have approved SIs for Orkney (Employability Pipeline funding to end of 2018 - £533, 500); Shetland (Employability Pipeline funding to end of 2018 - £500,021 and Poverty and Social Inclusion funding to end of 2018 - £120,000); and Western Isles (Employability Pipeline funding to end of 2018 - £770,000). The Scottish Government is also working with Orkney and Western Isles on their respective Poverty and Social Inclusion proposals.

Public Procurement

The Scottish Government is implementing the Procurement Reform (Scotland) Act 2014 and the three 2014 European procurement directives. Collectively, these will provide the statutory foundations for the Scottish Model of Procurement standardising and streamlining procedures for both businesses and public bodies. This will place sustainable and socially responsible purchasing at the heart of the process. Alongside this, the Scottish Government has committed to continuing to work with the Island Councils to assist with the implementation of the Act and where possible enhance local business opportunities.

Planning

The Scottish Government remains committed to working with the Island Councils and our island communities to explore key planning issues. The independent panel which was recently appointed by Ministers to undertake the ongoing review of planning agreed to look at island-proofing their recommendations. As part of this, the three island Councils provided a joint response to the call for written evidence and an Island Head of Planning was one of a limited number of stakeholders who was invited to give oral evidence to the panel session. The panel has been asked to keep in view whether further 'island-proofing' can be undertaken as the recommendations from the work begin to emerge.



Postal Delivery Services and Royal Mail

The Scottish Government recognises the concerns about high costs of parcel delivery in remote and rural areas and is committed to ensuring that the parcels delivery market across Scotland works in the interests of consumers and businesses. Finding sustainable solutions to these problems not only benefits consumers, but also promotes further business growth.

The Minister for Business, Energy and Tourism launched the Statement of Principles for parcel deliveries in November 2013, which the Scottish Government helped to develop working with a range of stakeholders from retail, consumer and courier sectors. It sets out best practice principles for retailers to provide delivery services that meet the needs of their customers. The Scottish Government was pleased that the UK Government announced in July 2014 that the Statement of Principles has been adopted across the UK.

Although voluntary, the Scottish Government believe the principles help to support businesses and can lead to improvements in the number of customers abandoning purchases that they would otherwise have made. However, while the Scottish Government have worked on a voluntary approach, the regulation of prices for parcels is reserved to Westminster. The UK Government must do more to increase buy-in to the principles as many internet retailers are based outside Scotland.

The Scottish Government is also supportive of the work of Citizens Advice Scotland (CAS) which has statutory responsibility for consumer advocacy in relation to postal services. Its latest research report, *The Postcode Penalty: The Distance Travelled*, was published in September 2015 and examined the extent to which retailers' practice has improved since CAS's previous survey in 2012. While some improvements were noted it still found that customers were facing disproportionate restrictions when it came to the delivery of their purchases. The Scottish Government is studying the recommendations carefully and have already had discussions with CAS and other stakeholders to explore a range of sustainable solutions for rural communities.

> Consultation on Provisions for a Future Islands Bill:
Analysis of Responses



This short summary report presents the key findings of an independent analysis of responses to the Scottish Government's consultation on provisions for a future Islands Bill undertaken by Reid-Howie Associates Ltd. The consultation ran from 30 September 2015 until 23 December 2015.

Background to the consultation

Since 2013, there has been an increased focus on the place of island areas in Scotland and the roles of national and local government in addressing their issues. There has been growing recognition of both the strengths of Scotland's island areas and the challenges they face.

Three island local authorities (Shetland Islands Council, Orkney Islands Council and Comhairle nan Eilean Siar) launched a campaign in 2013 entitled 'Our Islands - Our Future (Ar n-Eileanan - Ri teachd)' to highlight such issues.

The 'Lerwick Declaration' was made in response to the campaign. In July 2013, the then First Minister, on behalf of the Scottish Government, announced the establishment of a Ministerial Working Group (the Island Areas Ministerial Working Group) to look at further empowerment for island communities. The declaration stated the Scottish Government's commitment to the principle of subsidiarity and local decision-making.

The Working Group (involving the island authorities and the Scottish Government) was instrumental in developing a series of proposals, some of which formed the basis of the consultation. In June 2014, the Scottish Government published the *Empowering Scotland's Island Communities* prospectus¹. This set out a package of measures to empower Scotland's islands, which was predicated on the transfer of all powers to the Scottish Parliament in the event of a Yes vote in the 2014 Independence Referendum.

The prospectus committed the Scottish Government to: providing island communities with greater control over economic, fiscal and environmental issues; ensuring that island communities were represented in government; and that relevant measures implemented at a national and local level were properly 'proofed'. At the centre of the proposals was a commitment to produce an Islands Bill.

¹ Island Areas Ministerial Working Group (2014) *Empowering Scotland's Island Communities*. Edinburgh: Scottish Government

In February 2015 the Ministerial Working Group was reconvened to implement as many of the prospectus commitments as possible, within the existing powers of the Scottish Parliament and any future powers that would come through the Smith Commission recommendations and future Scotland Bill. As part of this work, it was considered important to seek wider views on the provisions which may be included in a future Islands Bill, and this consultation was carried out to gather these views. The findings will help to inform the Scottish Government's consideration of the way forward.



The questions and responses

A consultation document was issued on 30 September 2015, and respondents were asked to give their views on 14 questions, covering the following areas:

- » Island-proofing.
- » Empowering Island Communities.
- » A National Islands Plan.
- » Statutory Protection to the Na h-Eileanan an Iar Scottish parliamentary constituency.
- » Amending the Local Governance (Scotland) Act 2004
- » Any other issues for consideration in a future Islands Bill.

The consultation closed on 23 December 2015, and 192 responses were received. The largest number of responses were from individuals (65%). Responses were also received from Community Councils (10%); third sector organisations (6%); public bodies (5%); representative bodies, trade bodies, or trade unions (5%); and local authorities (4%). Small numbers were also received from: private sector organisations or trusts (3%); politicians or political parties (2%); and other respondents (1%).

A large amount of detailed information was provided and the findings on each of the issues are summarised below. Further details are given in the main report which can be found on the Scottish Government website: www.gov.scot.



Island-proofing

Questions 1-4 explored views of island-proofing, as follows:

Question 1: Is the concept of 'island-proofing' something the Scottish Government should consider placing in legislation through the proposed Islands Bill Yes/No? Please explain the reasons for your answer.

Question 2: If you answered 'Yes' to question 1, do you agree that Scottish Ministers should have the power to issue statutory guidance to other relevant public bodies related to island-proofing which they would be required to adhere to in exercising their functions and duties Yes/No

Question 3: If you answered 'Yes' to question 2, please state which public bodies, and what specific decisions you think this statutory guidance should relate to.

Question 4: Are there any other areas that you feel the policy of island-proofing should cover?

Overall views of island-proofing

There was a high level of support for the Scottish Government to consider placing the concept of island-proofing in legislation through the proposed Islands Bill. Almost all (91%) of those who expressed views believed there was a need for this.

There was also a high level of support for Scottish Ministers to have the power to issue statutory guidance to other relevant public bodies related to island-proofing. Almost all (98%) of those who expressed views on this believed this should be the case.

Benefits of island-proofing, and reasons for need

Many respondents mentioned the benefits of island-proofing, and the reasons they felt there was a need for this. A very common theme was that islands faced their own issues and challenges (e.g. isolation; remoteness; environment and climate issues; and population issues), which could impact on all aspects of life, including social and economic issues and service delivery.

Related to this, many respondents stated that a 'one size fits all' approach to legislation, policy and services was inappropriate, and that national solutions, or those designed for central Scotland, did not adequately reflect the circumstances of island living. This, in turn, could lead to negative consequences for island communities.

Many identified other benefits of island-proofing. These included, for example that it could lead to: increased joint working; equality; greater understanding of island issues and better solutions. It was also suggested it could bring: more sustainability; greater accountability of authorities; empowerment of communities; consistency with European provision; more efficient use of resources; and wider benefits to the Scottish and UK economies.

A small number of respondents mentioned drawbacks of island-proofing, which focused on a perceived lack of need for this, disagreement with the overall principle and concerns about potential negative consequences.

Coverage of the statutory guidance

When respondents were asked to identify which public bodies and decisions the statutory guidance should relate to, a very common theme was that all public bodies and / or all of their decisions should be covered by this.

A number of public bodies and decisions in particular policy areas were also highlighted. These policy areas were:

- » Communications.
- » Community safety.
- » Economic development and planning.
- » Education, arts and culture.
- » Employment and benefits.
- » Energy and power.
- » Environment and tourism.
- » Finance.
- » Health and social care.
- » Housing and building.
- » Transport.
- » Waste management.

Within these, many topics for inclusion were mentioned. Many respondents also made suggestions about specific public bodies for inclusion and a full list has been provided in the report.



Other areas for the policy of island-proofing to cover

A number of additional suggestions were made for the policy of island-proofing to cover. For example, many respondents suggested some broad issues that island-proofing should take into account, such as the need to consider all aspects of island life and the impact of specific issues.

Many comments were made about the overall approach that should be taken to island-proofing, such as that it should be embedded in the decision making process, and promote: equality; diversity; flexibility and proportionality; responsiveness and meaningful action; community empowerment; joint working; transparency and accountability.

Some comments were also made on the types of issues that should be covered in the statutory guidance (e.g. the definition and implications of island-proofing; consultation; and the nature of other relevant legislation).

Many respondents commented on other issues for consideration in taking island-proofing forward. For example, some respondents found the term 'island-proofing' to be unclear or inappropriate, and suggested that it should be refined and clarified.

Several respondents stated that the focus of the Islands Bill could be extended to include other remote and rural areas facing some of the same challenges (although a small number expressed the view that this should not be the case).

A further issue raised was the need for a process for monitoring, scrutiny, challenge and review of policy and decisions.

Empowering Island Communities

Questions 5-8 explored views of empowering island communities, as follows:

*Question 5: Do you agree that the current powers Island Councils, and Councils with Island responsibilities presently have are sufficient to deliver positive outcomes for their local island communities
Yes/No?*

Question 6: If you answered 'No' to question 5, please outline what additional powers you feel they require to benefit or better protect the island communities they serve, and explain the reasons for your answer.

Question 7: Do you feel there is a requirement to make any additions to the existing Zetland and Orkney County Council Acts of 1974 Yes/No? If 'Yes' please state what additions should be made and give the reasons for your answer.

Question 8: Should any of the powers currently set out in the Zetland and Orkney County Council Acts of 1974 be extended to the Western Isles and other relevant Councils Yes/No? If 'Yes' please explain which powers and give the reasons for your answer.

Overall views of the sufficiency of current powers of island councils

A clear majority (73%) of respondents who expressed their views stated that current powers of island councils, and councils with island responsibilities, were not sufficient to deliver positive outcomes for their local island communities.

Reasons for powers being considered insufficient

Three main reasons were given by respondents for the view that the powers were considered insufficient.

The first related to issues with the nature of current powers and the current approach to these. Respondents identified problems with: remoteness from decision-making; 'top-down' decision-making; the imposition of directives from the centre; and some policy areas having a major impact on island communities being outwith the functions of local authorities.

The second related to the need for equity between areas. Views included a need for: all islands to have similar powers (not only island authorities, but also authorities with island communities); and parity between islands and individual communities within the same local authority area. Several respondents stated that local authorities should be able to devolve decision-making to individual islands.

The third was the potential for the extension of powers to bring positive benefits. Examples included: additional control of key areas (e.g. inshore fisheries; coastal zone; and on and offshore energy). A small number of respondents also identified potential positive impacts on: transport; land ownership; general responsiveness to island needs; and improved service delivery.

Concerns and points for the Scottish Government to consider in the extension of powers

Although a majority believed current powers to be insufficient, a number of issues were raised for the Scottish Government to consider in the extension of powers.

Small numbers of respondents raised concerns relating to:

- » Current local authorities or elected members and the nature of local decision-making (e.g. lack of responsiveness; expertise; or vision)
- » Local democracy and representation (e.g. representation of individual islands; conflicts of interest; and availability of elected members).

A few raised other concerns about the potential extension of powers, or identified further points for consideration. Issues included: the potential impact on other organisations or key sectors; the potential costs; and the means of implementation. Suggestions were also made about a need for: research; resources; clarity and definition of the proposals; a wider democratic base; and decentralisation of power.

A few respondents identified that there would be a need to link any new powers to developments in community empowerment and land reform. Some suggested that local authorities should be given more freedom in using existing powers, and in setting priorities for the use of funds.

A small number of respondents indicated that, in their view, existing powers were sufficient and there was no need for additional powers.

Additional powers required

Many respondents identified additional powers seen to be required. The most common theme was to suggest additional powers relating to legal and fiscal issues. Points raised included that local authorities should be given:

- » The power to make variations to, or derogate from some laws (e.g. road traffic; roads and other infrastructure; building control, and aspects of health and social care).
- » More fiscal freedom (e.g. that they should receive and control revenues generated by the Crown Estate, business rates, council tax and taxes on whisky; or should be able to raise taxation).



- » The discretion to exercise initiative over any matter not specifically excluded, nor assigned to another authority (under the principles of the European Charter of Local Self-Government) along with continuation of all special powers for the three island authorities.

A further common theme was that there should be additional powers relating to the environment and the Crown Estate. Suggestions included that local authorities should have greater:

- » Control of coastal waters, energy production, fisheries and the seabed.
- » Control of the powers of the Crown Estate and the revenues generated.
- » Control over energy production.
- » Powers to regulate and control fisheries and take forward the management of marine designations.
- » Involvement in Ministry of Defence (MOD) land issues.
- » Control of assets and resources.

Another area in which additional powers were suggested was transport, with respondents stating that there should be more local control of, or influence on:

- » Strategic planning of transport, with holistic planning involving all modes.
- » Investment decisions.
- » All infrastructure, such as airports and ports.
- » The awarding and management of contracts for ferry and air services.
- » External transport links.

Comments were also made on additional powers relating to economic development and infrastructure. Among the issues raised were that there should be more local control (e.g. by local authorities or communities) of:

- » Key public services to enable economic development.
- » Investment, planning and connectivity decisions.
- » Renewable power generation (e.g. with bills being charged as a premium to the council tax).
- » Calibration of rent and rates levels set by the District Valuer.

Other policy areas in which small numbers of respondents identified a need for powers to ensure greater local control or influence on were:

- » Education (e.g. investment in, and resources for education; educational priorities; and some specific aspects of policy).
- » Community and public health and social care (e.g. priorities).
- » Income generation (e.g. to fund the infrastructure to support the Gaelic language).
- » Insulation levels, or the fuel sources used for public buildings and new houses.

Respondents also made suggestions about ways in which any changes to powers should be taken forward. These included, for example, the need for: subsidiarity in the operation of all powers; delegation of more power to local communities; and for island communities to be properly represented. A number of suggestions were also made about alternative administrative structures, or models of local government.



[Additions to the Zetland and Orkney County Council Acts of 1974](#)
Respondents' views were evenly split on whether or not additions should be made to the existing Zetland and Orkney County Council Acts of 1974. Comments were made on the reasons for the need for additions, and the nature of such additions.

The reasons suggested for the need for additions included the views that the powers needed to be 'modernised' or 'updated' and that the powers available to Shetland Islands Council should be mirrored for Orkney Islands Council. A few respondents stated that the only amendment required to the Orkney County Council Act 1974 was an extension of territorial jurisdiction similar to that in the Zetland County Council Act 1974.

Comments on the nature of the additions seen to be required related most commonly to aspects of the environment, particularly the need for additions to enable greater control of the seabed, coastal waters, harbours and the Crown Estate. A small number of suggestions were made about additions relating to other policy areas (e.g. economic development; planning; and taxation).



Extension of powers to the Western Isles

Over three quarters (77%) of those who expressed their views of whether the powers currently set out in the Zetland and Orkney County Council Acts of 1974 should be extended to the Western Isles and other relevant councils believed that this should be the case.

Many suggested that this should be done in order to have parity with Shetland and Orkney, or to be fair, and some identified similarities between the Western Isles, Shetland and Orkney.

The nature of powers suggested for extension related to:

- » Coastal waters and the seabed.
- » Energy.
- » Crown Estate powers.
- » Other specific issues (e.g. planning and licensing; development control; compulsory purchase; works licensing; and financial powers, including borrowing).

A small number of respondents made comments on the means of taking forward the extension of powers (e.g. where these powers should lie and the areas to be covered).

A National Islands Plan

Questions 9-11 explored views of a National Islands Plan, as follows:

Question 9: Do you think the Scottish Government should introduce a 'National Islands Plan' Yes/No? Please explain the reasons for your answer.

Question 10: Are there any specific areas you feel the plan should cover and report on?

Question 11: If such a plan was introduced, what in your view would be an appropriate life span for the plan - e.g. 3 years/5 years/other?

Overall views of a National Islands Plan

There was a high level of support for the Scottish Government to introduce a National Islands Plan. A large majority (85%) of those who expressed their views of this believed that such a Plan should be introduced.

Benefits and reasons for need for a Plan

Many respondents mentioned the benefits of a National Islands Plan, and the reasons they felt there was a need for this. Some expressed general positive views of this, giving examples of other plans they felt had been successful, or stating that such an approach would fit well with other national and local work.

Many respondents stated that a National Islands Plan could address the particular challenges faced by island communities (mentioned earlier), and that it could promote equality and empowerment, and keep a focus on island issues in the future, while responding to changing needs.

Another common view was that a Plan would provide a structure and clarity for action. It was suggested that it would provide a framework for identifying and making clear the goals, objectives, actions and responsibilities, as well as enabling monitoring, review and accountability. Some respondents also felt that a National Islands Plan could help provide consistency, collaboration and continuity of action.

A small number of respondents identified drawbacks, or reasons why there should not, in their view, be a National Islands Plan. The most common theme was that the islands should be empowered to make their own decisions. A few disagreed with the overall principle, or expressed concerns about potential negative consequences of a Plan.

Areas for a Plan to cover and report on

Three main areas were identified for a Plan to cover and report on. One was the overall challenges affecting island areas. The issues mentioned most commonly were population, overall sustainability and service delivery issues (although a number of other challenges were also highlighted).

A further common theme was that a Plan should cover and report on issues relating to specific policy areas. These areas were the same as those identified for coverage by the statutory guidance (noted earlier).

The third common theme related to the general coverage and approach of a Plan, including that it should cover and report on: all relevant areas and / or bodies; all proposals, measures and activities; empowerment and inclusion; and equality.

Overall requirements of a National Islands Plan

Many respondents commented on what they saw as additional requirements for a National Islands Plan. Several respondents suggested that it should recognise the overall context and existing work.

A further common view was that local communities and relevant organisations should be involved in preparing and monitoring a Plan. Related to this, several mentioned the need for mechanisms for accountability, reporting and review.

Other requirements mentioned were that a Plan should be: active; ambitious; clear; flexible; outcome-focused; realistic; and 'rolling'. A few suggestions were made about terminology.

Lifespan of a Plan

The most commonly suggested lifespan for a National Islands Plan was five years, although other suggestions were made (particularly three years, and over five years).

Among the perceived benefits of a five-year period were that it would align with the timescales for parliamentary and political cycles, other local plans and strategies, and that it would also allow time for strategies to be put in place and for monitoring and reporting.

Statutory Protection to the Na h-Eileanan an Iar Scottish parliamentary constituency

Question 12 explored views of giving statutory protection to the Na h-Eileanan an Iar Scottish Parliamentary constituency, as follows:

Question 12: Do you agree that statutory protection should be given to the Na h-Eileanan an Iar Scottish parliamentary constituency Yes/No? Please explain the reasons for your answer.

Overall views of giving statutory protection

There was a large majority (86%) in favour of giving statutory protection to the Na h-Eileanan an Iar Scottish parliamentary constituency among those who expressed views on this issue. Comments were made on the reasons for giving statutory protection, and issues for the Scottish Government to consider.

Reasons for giving statutory protection

The reasons provided for giving statutory protection included a need for fairness and equity, and parity with Orkney and Shetland. A further theme was the distinctive nature of the Western Isles and the need for provision of a 'voice'.



Issues for the Scottish Government to consider

Among the additional suggestions for the Scottish Government to consider, several respondents suggested that protection should only be extended to the parliamentary constituency, not the local authority. Suggestions also included that there should be scope for future flexibility; that the statutory protection should be extended to other islands and remote rural areas; that a few issues should be clarified; and that a small number of other approaches could merit consideration.

Amendment of the Local Governance (Scotland) Act 2004

Question 13 explored views of the amendment of the Local Governance (Scotland) Act 2004, as follows:

Question 13: Should the Scottish Government consider amending the Local Governance (Scotland) Act 2004 to allow the LGBCS the power to make an exception to the usual 3 or 4 member ward rule for use with respect to populated islands Yes/No? Please explain the reasons for your answer.

Overall views of amendment of the Act

There was a high level of support for the Scottish Government to consider amending the Local Governance (Scotland) Act 2004 to allow the Local Government Boundary Commission for Scotland (LGBCS) the power to make an exception to the usual three or four member ward rule for use with respect to populated islands. A large majority (86%) of those who expressed their views were in favour of this.

Benefits of, and reasons for need for amendment

Many respondents identified perceived benefits of, or reasons for amending the Act. A very common theme was the need for adequate representation of island communities, and the provision of a 'voice' for them, including those with small populations.

Many respondents stressed the importance of having a local member of the community representing island views, and some stated specifically that elected members should be residents of the island and based in the community they serve. This, it was argued, would enable them to focus on and understand local issues and participate fully in community life, addressing practical problems such as travel.

A further very common theme was that having a dedicated elected member in an island community was an important strand of democracy, and could strengthen local democracy and accountability. Several respondents stated specifically that there was a 'democratic deficit' in the representation of individual islands in local government.

A small number of respondents identified drawbacks with the amendment of the Act, focusing on: a lack of need; potential unfairness; cost; impact on governance; and the potential for the same issues to affect other communities.

Suggestions or issues to consider relating to the amendment of the 2004 Act

Respondents made a number of suggestions or additional points about the way forward, focusing on comments about the nature of changes to the Act and the overall principles and approach.

Suggestions were made, for example, that there should be one or two member wards, or about the specific nature of these. A few made comments on the LGBCS review, and whether change would be reflected in the 2017 local government elections. A small number noted that amending the 2004 Act would not, in itself, address representation issues fully.

A few respondents stated that it would be better to allow the council to vary the ratio of councillors to electors on islands.

Several respondents made comments on the principles and approach required, including the need for: community empowerment; locality planning; flexibility and equality. A few stated that there should be a minimum population threshold, and a small number made other individual suggestions.

Other issues for consideration in a future Islands Bill

Respondents were given a further opportunity at the end of the consultation questions to give their additional views, as follows:

Question 14: Please provide details of any additional issues, not addressed in your other responses, that you think should be considered in relation to the introduction of a future Islands Bill and its potential provisions.



Overall types of additional issues raised

Many further comments were made about key issues for consideration in relation to a future Islands Bill. There were three broad themes: the consultation itself; the proposals overall; and areas already discussed at other questions (particularly current challenges facing island communities and the overall approach required).

The consultation

Several respondents made comments on the consultation itself. Some, for example, provided details of their own, or their organisation's: expertise; area of work; aims; or the nature of their response (e.g. whose views it covered, or how it was generated).

A small number of respondents made comments on the consultation overall, the most common being to welcome the opportunity to respond to this. A few raised issues with the nature or focus of the consultation (e.g. the nature of some questions; the overall focus of the proposals on retention of power at the centre; and the difficulty of participation for some community members).

The proposals overall

Comments on the proposals overall included general positive comments from several respondents (e.g. welcoming the proposals or specific aspects of the proposals).

Several respondents also raised general issues or concerns with the proposals. A few, for example, expressed the view that there should not be a Bill, or expressed overall disagreement with the principles or potential negative consequences of a Bill. A small number raised other general issues (e.g. the coverage of the proposals; the lack of reference to the Smith Commission's recommendations; and limitations to the options available).

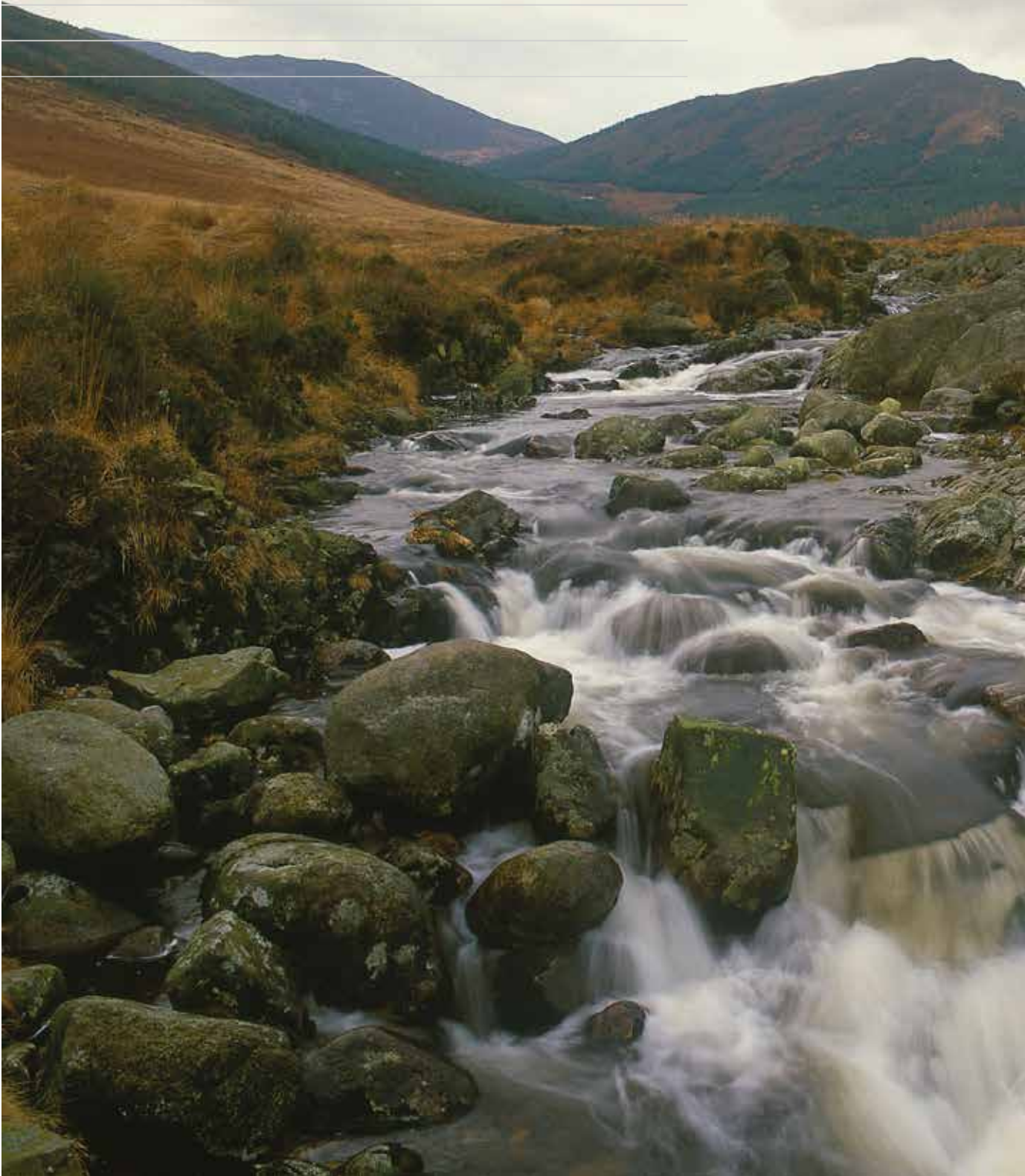
Areas already discussed

There were many additional comments on areas already discussed. Recurrent themes were the current challenges facing island communities, and the overall approach that should be taken, including a need for:

- » Account to be taken of other commitments and provisions.
- » Increased local powers and subsidiarity.
- » Recognition of the uniqueness of islands, their diversity and the need for flexible solutions and actions.
- » Empowerment and representation of local communities.
- » Equality and fairness.
- » Monitoring, review and challenge.
- » Consideration of extension of the coverage of the Bill.
- » Resources.
- » Actions in specific policy areas.

All of these findings, along with the detailed material within the full report and the individual responses, will help to inform the Scottish Government's consideration of the way forward.

> What Happens Next



What Happens Next

Whilst the formal meetings in the current series of the Island Areas Ministerial Working Group have concluded, work on a number of different work streams continues.

The findings of the independent analysis of the consultation on provisions for a future Islands Bill will now be considered by the Scottish Government and help inform the development of a draft Bill.

Decisions on next steps with the Ministerial Group and the draft Bill will be for the new Scottish Government to determine following the Scottish Parliamentary Elections in May 2016.

Appendix 1

Island Areas Ministerial
Working Group
Membership and
Meetings

Members of the Group were:

Derek Mackay MSP, Minister for Transport and Islands

Marco Biagi MSP, Minister for Local Government and Community Empowerment

Aileen McLeod MSP, Minister for Environment, Climate Change and Land Reform

Councillor Angus Campbell, Leader, Comhairle nan Eilean Siar

Councillor Dr Steven Heddle, Convener and Leader, Orkney Islands Council

Councillor Gary Robinson, Leader, Shetland Islands Council

Malcolm Burr, Chief Executive, Comhairle nan Eilean Siar

Alistair Buchan, Chief Executive, Orkney Islands Council

Mark Boden, Chief Executive, Shetland Islands Council

The Group met on six occasions:

24 February 2015 - Glasgow

2 June 2015 - Kirkwall

8 July 2015 - Glasgow

24 September 2015 - Edinburgh

26 November 2015 - Edinburgh

22 February 2016 - Lerwick

> *I believe the work begun back in 2013 has placed the needs and aspirations of all our island communities at the very centre of the Government's empowerment agenda.*

Derek Mackay, Minister for Transport and Islands
14 March 2016



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