

ISLANDS GROWTH DEAL JOINT COMMITTEE

Minute of Meeting held through Microsoft Teams on Friday, 16 January 2026 at 11.00am.

PRESENT Ms Emma Macdonald, Shetland Islands Council (Chair)
Ms Heather Woodbridge, Orkney Islands Council
Mr Paul Steele, Comhairle nan Eilean Siar

APOLOGIES Mr Dennis Leask, Shetland Islands Council
Mr Donald Crichton, Comhairle nan Eilean Siar
Mr Kristopher Leask, Orkney Islands Council

OFFICERS IN ATTENDANCE Ms Kathlene Morrison, Islands Deal Programme Director
Ms Anne M. Murray, Comhairle nan Eilean Siar
Ms Charlene Macmilan, Comhairle nan Eilean Siar
Ms Elaine Mackenzie, Comhairle nan Eilean Siar
Ms Hazel Tait, Shetland Islands Council
Ms Inga Burton, Orkney Islands Council
Mr Jan Riise, Shetland Islands Council
Ms Kirsty Laing, Comhairle nan Eilean Siar
Ms Louise Shearer, Shetland Islands Council
Mr Oliver Reid, Comhairle nan Eilean Siar
Mr Tim Langley, Comhairle nan Eilean Siar

Welcome and Apologies Ms Emma Macdonald, Shetland Islands Council (Chair) welcomed attendees to the meeting, and the above apologies were noted.

MINUTE

Minute of Meeting of 26 November 2025 1. The Minute of the Meeting of 26 November 2025 was **approved**.

Declaration of Interest 2. There were no declarations of interest.

Hebrides People - Hiort na Hearadh 3. The Islands Growth Deal Programme Director submitted a Report in relation to 'Hebrides People – Hiort na Hearadh'. The project is based in Northton in the Isle of Harris and hosts a purpose-built visitor centre featuring a unique genealogy resource covering the Western Isles of Scotland. The Report detailed that the project is seeking £3.8m (50% of funding for the project) from the Islands Growth Deal to redevelop and expand the current facility. The project is currently within the iteration cycle of its Full Business Case (FBC) with the UK and Scottish Governments.

Mr Nigel Bruce, Strategic Development Manager for the Hebrides People Visitor Centre delivered a presentation on the project. Mr Bruce noted that the proposal will see the redevelopment and expansion of the Hebrides People Visitor Centre by developing a new and accessible pedestrian link from the car park, redeveloping and extending the existing Seallam! Building and the Exhibition centre, developing a new 'multi' purpose Annex Building, and landscaping of external areas, including establishing new learning and play areas.

The Presentation provided a summary overview of 'project readiness', with the RIBA Design Stages 1 – 4 now complete, Building Warrant received, environment and ecological surveys complete, waste and clean water capacity confirmed, and electrical grid capacity secured (with an additional transformer allowed for).

The presentation detailed information in relation to the Project Delivery Team, tenders received, capital build works, internal exhibition works, Northton Heritage Trust Board, project costs/ funding, urgent actions and indicative timelines for delivery (preferred build start date April 2026, project completion October 2027, open for business season 2028).

It was noted that there are several challenges in relation to delivering a capital project of this nature in the islands, including contractor costs and availability, securing capital funding in line with timescales, cash flow, dependence on volunteers and staffing, financial and project management controls, and utility company input in line with agreed timescales. The project delivery will be managed through a flexible and light-footed approach. A contingency fund of 10% will be set to facilitate project delivery.

In discussion, Mr Bruce noted that positive and supportive discussions are ongoing with wider funding partners for the project, with the outcome of funding packages to be announced between February 2026 – June 2026. Ms Morrison noted that the outcome of the funding application to the second stage of the Regeneration Capital Grant Fund is anticipated to be announced in February 2026, and that both the UK and Scottish Governments are prioritising the review of the FBC in recognition of the timescales within the project scope. Ms Morrison noted that some spend at risk could be required following further consideration by the Islands Growth Deal Programme Board, and Comhairle nan Eilean Siar. It was noted that revenue funding for the project has been included within the revised FBC.

On behalf of the Islands Growth Deal Joint Committee, Ms Emma Macdonald, Chair thanked Mr Bruce for what was a detailed and informative presentation.

It was agreed to note the Report.

Joint Programme 4.
Management
Office Budget
2026-27

With reference to item 3 of the Minute of the Meeting of 26 February 2025, Ms Kathlene Morrison, Islands Deal Programme Director submitted a Report which sought approval of the Islands Growth Deal Programme Management Office budget for 2026/27. The Report noted that savings had materialised within the Staff Costs budget due to the full 'Other' budget line not being fully utilised. A saving had been sustained in the Modern Apprentice allocation, but it is anticipated that this budget will be used for a new administrative support post in Q4 – subject to approvals and appointment. Subsequently, the Gross Expenditure is forecasted to be less than budgeted with savings of over £8k; this will be reflected in a slight reduction in the total contributions sought from each of the three local authorities.

The Report further noted that proposals for the 2026/27 PMO Revenue Budget reflect the updated full staff compliment, taking into account a contribution towards a potential External Funding Assistant (EFA), and an annual 3% pay increase in Gross Pay (Programme Director, Project Officer and EFA) and the Accountancy Services (Senior Accountant) lines. The increase in the forecasted 25/26 Travel and Subsistence budget is manageable due to savings elsewhere in the years budget.

The relevant budget holders in Orkney Islands Council, Shetland Islands Council and Comhairle nan Eilean Siar have confirmed that budget is available to cover each local authority's projected share of the costs in 25/26.

The Report sought approval to postpone the potential independent Programme evaluation to review the Islands Deals' achievements of its headline objectives as originally scheduled to be carried out in Year 3, to Year 4, as there have been delays in the number of projects going into delivery, as permitted within the plan, and that this would maximise the outcome of the review.

It was agreed to:

- (1) approve the Islands Growth Deal Programme Management Office budget for 2026/27; and**
- (2) postpone the independent Programme Evaluation to 2026/27.**

It was agreed that the public, including the press, be excluded from the Meeting during consideration of items 5 – 7 on the grounds of the amount of any expenditure proposed to be incurred by partners under any particular contract for the acquisition of property or the supply of goods or services.

Quarterly Report – 5.
Q3 25/26

With reference to item 3 of the Minute of the Meeting of 10 November 2025, Ms Kathlene Morrison, Islands Deal Programme Director provided a summary overview of the quarterly financial (Q3) spend forecast across projects, including current status and grant claim for the quarter.

Ms Morrison noted that projects are progressing well. It was noted that an extension would be sought to continue to facilitate a monthly draw down claim for one project, given this had worked well since implementation.

The redevelopment of the Destination Development project (Calanais) in the Isle of Lewis remains on track for reopening in May 2026. It was recognised that the planned opening for this aligns with the Scottish Parliament pre-election recess/ Scottish Parliamentary Elections. It was noted that all posts within Talented have now been filled, with the new Programme Manager having commenced post in December 2025, and courses and workshops have now commenced, with some being oversubscribed. Projects continue to be delivered through the Shell-volution project. A change request has been submitted to the Scottish Government in relation to the Islands Centre for Net Zero Outer Hebrides (Creed Hydrogen Skills and Innovation Centre) and remains under consideration.

The Report provided an overview of quarterly/ longer-term risks across projects, including risk detail, mitigation, and target closure dates.

It was agreed to approve the Quarterly Claim and Performance Report.

Programme
Management
Office Resourcing

6. Ms Kirsty Laing and Ms Elaine Mackenzie left the meeting during consideration of item 6.

Ms Kathlene Morrison, Islands Growth Deal Programme Director submitted a Report which sought approval to both extend the posts of Islands Growth Deal (IGD) Senior Accountant and Project Support Officer, and for the establishment of an External Funding Assistant for two-years to 31 March 2028.

The Report noted that the IGD Programme Management Office (PMO) manages the delivery and administration of the Deal and is overseen by Comhairle nan Eilean Siar, as Accountable Body behalf of Orkney Islands Council, and Shetland Islands Council. The Programme Management Office (PMO) is currently resourced by a Programme Director (1xFT), a Senior Accountant (0.4 FTE), and a Project Support Officer (1xFTE). As the number of approved Business Cases increases and more projects enter their delivery phase this inevitably results in a higher volume of administration through reporting and undertaking due diligence on claim submissions. Accordingly, both the Senior Accountant and the Project Support Officer are essential to the effective delivery of the IGD.

The Report further noted that the PMO are acutely aware that an additional resource would be extremely helpful with regards to administering the grant claims process and undertake other administrative programme tasks. Due to the PMO's limited budget, discussions with the Comhairle to explore its current administrative gaps identified a case for a shared option being created. This External Funding Assistant (EFA) would support the administration of several external grant funds, including the Islands Growth Deal, and be managed by the IGD Programme Director. The External Funding Assistant will be 1xFTE (37 hours per week). The EFA will be partially funded through the joint Islands Growth Deal PMO through the budget line currently identified for a Modern Apprentice.

It was agreed to approve:

- (1) extend the posts of IGD Senior Accountant and Project Support Officer for 2 years to 31 March 2028; and**
- (2) support part-funding (26%) for the establishment of a new External Funding Assistant (Grade C) to 31 March 2028 with the £10k approved annually in the PMO Modern Apprentice budget line.**

Programme Reset Feedback 7.

With reference to item 4 of the Minute of the Meeting of 10 November 2025, Ms Kathlene Morrison, Islands Deal Programme Director submitted a Report which provided an update on the feedback received from the Scottish and UK Governments on the Islands Growth Deal Programme Reset proposal.

The Report noted that the third iteration of the IGD Programme Reset Proposal was submitted to both the UK and Scottish Governments on 11 November 2025. Feedback was subsequently received in early December, and this was followed with a Teams meeting with both Governments, the PMO, and local authority officials to review the points raised and agree the next steps.

The Report detailed the main points raised as part of the feedback that require to be addressed as part of the finalised Programme Reset submission. The final proposal will require both UK and Scottish Minister approval, and with the Scottish Parliamentary Elections taking place on 7 May 2026, and the pre-election period commencing on 26 March 2026, it was agreed to try to conclude the Reset prior to this period. Therefore, to allow enough time for officials and Ministers to review and approve the proposal, it was agreed to resubmit the revised document at the end of January/first week February. 2026.

It was agreed:

- (1) to note the feedback received from both the UK and Scottish Governments in relation to Programme Reset; and**
- (2) to delegate the approval of the final report prior to the resubmission of the revised final Programme Reset to the Directors of the three Island Local Authorities.**

Date of Next Meeting 8.

The Islands Growth Deal Joint Committee will next meet on Monday, 23 February 2026 at 11.00am. The meeting will be held through Microsoft Teams.