

ISLANDS GROWTH DEAL JOINT COMMITTEE

Minute of Meeting held through Microsoft Teams, on Wednesday, 26 January 2022 at 4.00pm.

PRESENT

Cllr Roddie Mackay (Chair) Comhairle nan Eilean Siar
Cllr James Stockan (Vice-Chair) Orkney Islands Council
Cllr Alastair Cooper, Shetland Islands Council
Cllr Donald Crichton, Comhairle nan Eilean Siar

APOLOGIES

Cllr Steven Coutts, Shetland Islands Council
Cllr Graham Sinclair, Orkney Islands Council
Ms Kate Gwynn, Scottish Government
Mr Tim Langley, Comhairle nan Eilean Siar
Mr Malcolm Burr, Comhairle nan Eilean Siar

OFFICERS IN ATTENDANCE

Ms Anne Murray, Islands Growth Deal Programme Director
Mr Gareth Waterson, Orkney Islands Council
Ms Lorna Richardson, Orkney Islands Council
Mr John Mundell, Orkney Islands Council
Mr Jan Riise, Shetland Islands Council
Ms Louise Shearer, Shetland Islands Council
Mr Neil Grant, Shetland Islands Council
Mr Calum Iain MacIver, Comhairle nan Eilean Siar
Mr Derek Mackay, Comhairle nan Eilean Siar

Minute of Meeting of 17 December 2021 1

The Minute of 17 December 2021 was approved.

Declaration of Interest 2

There were no declarations of interest.

Advisory Forum 3

Ms Anne Murray, Islands Growth Deal Programme Director, submitted a Report which outlined proposals for membership of the Islands Growth Deal Advisory Forum. The Report stated that governance proposals for the Islands Growth Deal included an Advisory Forum to involve business, academic and community sectors in guiding the implementation of the Islands Growth Deal, and to support the Deal to deliver sustainable and inclusive economic growth for the islands.

The Report further stated that the Advisory Board will have no decision-making power, but its advice will be submitted to the Programme Management Board and, via the Programme Board, to the Joint Committee.

The proposed membership for the Advisory Board was outlined in Appendix 1 to the Report:

- Private sector representation, seeking to ensure an appropriate balance of membership, in terms of:
 - Geography: each of the 3 local authorities will be represented by at least one business organisation with significant operations in their area.
 - Sector: organisations which operate in key industry areas that are relevant to the economy will be represented.

- Size: SME representation, potentially through Chamber of Commerce representation.
- Youth representation through appropriate mechanism, e.g. MSYP, for each area.
- Chair of the Islands Deal Programme Management Board.
- HIE Area Team Managers for Orkney, Shetland and Innes Galloway.
- Skills Development Scotland Islands Manager.
- Academic partners in the Deal – UHI, HWU and RGU.
- 2 members from each Council area, representing third / community sector, nominated by each Council.

It was agreed that to approve the proposals for membership of the Islands Growth Deal Advisory Forum.

Outline Business 4(a)
Cases

Outer Hebrides Energy Hub

Mr Calum Iain MacIver, Director for Communities, Comhairle nan Eilean Siar and Ms Anne Murray, Islands Growth Deal Programme Director submitted a Report which sought approval to submit the Outline Business Case (OBC) for the Outer Hebrides Energy Hub to UK and Scottish Governments. The Report detailed the Outer Hebrides Energy Hub will be located at the new £50m Deep Water Port being developed by Stornoway Port Authority at Arnish Point, Stornoway. Islands Deal funding will invest in a Green Hydrogen Production, Storage and Distribution Facility which will, by 2026, supply Green Hydrogen for the 100% conversion of SGN's Stornoway Town Centre Propane network. The facility will then be scaled up to produce additional Green Hydrogen for local use in heat and transport and for the bulk, ship-borne export of Hydrogen through conversion to Ammonia or Methanol. It was noted that the in an update to the position in the Strategic Outline Case (SOC), the supply of green electricity to Energy Hub electrolyzers would now come, in the first instance, from a demonstrator 15 MW Floating Off-shore Wind facility, and that there was scope to scale the level of MW beyond 15 as the project develops.

The Report further stated the outcomes and associated targets for the project are:

- *Net Zero* - support local and national transition to net zero through increasing green hydrogen production for export, heat and transport applications with future scalability.
- *Hydrogen for Heat* - to be a UK pathfinder in 'Hydrogen for Heat' and to address local levels of fuel poverty by converting the Stornoway Town Centre gas network to hydrogen.
- *Economic Impact* - To provide commercial scale Hydrogen export and fuelling facilities at Stornoway Deep Water Port, creating significant economic benefit for the Outer Hebrides.

The Report stated that the total indicative cost of the Energy Hub is in the region of £135m. £11m is sought from the Islands Deal towards the total project cost of the serviced site and initiation of Green Hydrogen Production to supply the Stornoway Gas Network in the first instance.

It was agreed to:

- (1) approve the submission of the Outer Hebrides Energy Hub OBC to Scottish and UK Government;**
- (2) note that the OBC will be subject to a process of feedback from both Governments; and**
- (3) note that the final version of the OBC will be presented to the Islands Growth Deal Programme Board and Joint Committee.**

4(b) Outer Hebrides Destination Development Programme

Mr Calum Iain MacIver, Director for Communities, Comhairle nan Eilean Siar and Ms Anne Murray, Islands Growth Deal Programme Director submitted a Report which sought approval to submit the Outline Business Case (OBC) for the Outer Hebrides Destination Development Programme to UK and Scottish Governments. The Report detailed the Destination Development Programme was a targeted intervention that will develop and enhance the island's top culture and heritage assets at the Calanais Stones and the Seallam! Centre, and deliver new, complementary facilities and attractions at key strategic "gateway" locations across the Outer Hebrides in Stornoway, Uig and North Uist. The programme is part of a wider strategic approach to establish the Outer Hebrides as one of "Scotland's must visit destinations" and will act as the umbrella under which there are five project proposals being developed in partnership between local charitable companies /organisations and the Tourism Outer Hebrides 2030 Leadership Group.

The investment objectives of the programme are to:

1. Develop and enhance the island's top culture and heritage assets at the Calanais Stones and the Seallam! Centre and deliver new, complementary indoor facilities and attractions at key strategic "gateway" locations across the Outer Hebrides in Stornoway, Uig and North Uist.
2. Help tackle the out-migration of talent and young people across the Outer Hebrides by creating good quality and sustainable employment opportunities.
3. Develop a unique visitor offer that builds on the island's strong visitor brand that showcases the heritage, culture, people, land and Gaelic language and capitalises on new developing market opportunities.
4. Help safeguard and increase the overall economic value of the visitor economy to the Outer Hebrides through attracting more visitors and extending the tourism season to ensure a more equitable distribution of opportunity for remote and fragile communities.

The Report stated that the programme is anticipated to draw down £8m capital funding support through the Islands Deal (£4m from Scottish Government and £4m from UK Government). There is significant requirement for match funding across the Programme, with the capital cost of all projects in the programme amounting to £38.5. It was noted that part of the Outer Hebrides Destination Development Programme (Ionad Hiort) had received funding (£950k) through the Scottish Government's Regeneration Capital Grant Fund. Additional Government funding opportunities to support Islands Growth Deal projects was welcomed.

It was agreed to:

- (1) approve the submission of the Outer Hebrides Destination Development Programme OBC to Scottish and UK Government;**
- (2) note that the OBC will be subject to a process of feedback from both Governments; and**
- (3) note that the final version of the OBC will be presented to the Islands Growth Deal Programme Board and Joint Committee.**

Date of Next Meeting

The Islands Growth Deal Joint Committee will next meet on Wednesday, 23 February 2022. The meeting will be held through Microsoft Teams.