

ISLANDS GROWTH DEAL JOINT COMMITTEE

Minute of Meeting held through Microsoft Teams, on Wednesday, 23 February 2022 at 4.00pm.

PRESENT

Cllr Roddie Mackay (Chair) Comhairle nan Eilean Siar
Cllr James Stockan (Vice-Chair) Orkney Islands Council
Cllr Steven Coutts, Shetland Islands Council
Cllr Alastair Cooper, Shetland Islands Council
Cllr Graham Sinclair, Orkney Islands Council

APOLOGIES

Cllr Donald Crichton, Comhairle nan Eilean Siar
Ms Maggie Sandison, Shetland Islands Council
Ms Kate Gwynn, The Scottish Government

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 Malcolm Burr, Comhairle nan Eilean Siar
Ms Anne Murray, Islands Growth Deal Programme Director

MINUTES

- | | | |
|--------------------------------------|---|--|
| Minute of Meeting of 26 January 2022 | 1 | The Minute of the Meeting of 26 January 2022 was approved. |
| Declaration of Interest | 2 | There were no declarations of interest. |
| Financial Profile | 3 | Ms Anne Murray, Islands Deal Programme Director, submitted a Report detailing the current profile of Islands Growth Deal expenditure. The Report stated that Deal funding is expected to be drawn down from Scottish and UK Government on a flat profile over the 10-year period of the Deal. In the case of the Islands Growth Deal, there will be £10m per annum available over the 10-year period. Project funding would be accelerated where possible. |

It was agreed:

- (1) to note the spend profile for the Growth Deal, and the requirements for match funding to enable Deal projects to proceed; and**
- (2) to note that each local authority may need to adopt specific strategies in order to manage the spend profile and enable projects to proceed at the optimum time.**

Joint Budget 2022 – 23 4

Ms Anne Murray, Islands Deal Programme Director, submitted a Report seeking approval of the Islands Growth Deal Programme Management Office budget for 22/23. The Report

noted that the relevant budget holders in Orkney Islands Council, Shetland Islands Council and Comhairle nan Eilean Siar have confirmed that budget should be available to cover each local authorities projected share of the costs in 22/23.

It was agreed to approve the Islands Growth Deal Programme Management Office budget for 22/23.

Outline Business Cases 5(a)

Dales Voe Ultra Deep-Water Quay

Mr Neil Grant, Director of Development, Shetland Islands Council and Ms Anne Murray, Islands Growth Deal Programme Director, submitted a Report which sought approval to submit the Outline Business Case (OBC) for the Dales Voe Ultra Deep-Water Quay to UK and Scottish Governments. The Report stated that Dales Voe has been identified as the optimal location in the UK for an ultra-deep water decommissioning facility due to its sheltered approach, naturally deep-water channels and its close geographical proximity to both the existing oil and gas infrastructure and the locations that will be used for future offshore wind and low carbon energy sector. The Dales Voe Ultra-Deep Water Port Project will deliver a new quay with water depth of 21m and laydown area, with scope for a future phase 2 to increase water depth to 24m and provide of additional laydown. Such a facility could attract a significant proportion of the available market to decommission the largest platforms in the UK Continental Shelf (UKCS) and bring opportunities to the UK.

The Report further stated the investment objectives for the construction of an UDWP at Dales Voe are to:

1. Provide a facility of 21m that will allow the UK to compete for a larger proportion of the platforms in the UKCS which need to be decommissioned.
2. Improve the wider market opportunities within the decommissioning sector and increase the economic and social impact on Shetland, Scotland and the wider UK by creating a new supply chain sector.
3. Provide a cost-effective solution to the platform operators, offshore wind developers and onshore contractors by having a UK facility. Reduce transit times, carbon emissions, associated costs and increase efficiencies within the offshore wind and decommissioning sectors.
4. Provide a facility that will also support other sectors including the green economy, in particularly offshore wind, shipping and logistics, drilling rig and floating production, storage and offloading (FPSO) vessel support.

The Report stated that the total indicative cost of the UDWQ is £33m, and there is a match funding requirement of £24m, of which £6m is anticipated to come from Highlands and Islands Enterprise (HIE), £8m of private sector investment and £10m of private finance money.

It was agreed:

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

5(b) Spaceport 1

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 for the Outline Business Case (OBC) for Spaceport 1 to UK and Scottish Governments. The Report stated that Spaceport 1's strategy is to focus on addressing the growing market for suborbital launch related activities, building a modest and adaptable launch facility at Scolpaig Farm site (North Uist), and leveraging existing infrastructure at the MOD Hebrides Range and Benbecula Airport, to establish the UK's primary commercial suborbital launch site. Spaceport 1 will address the growing market for suborbital launch related services by supporting launch vehicles that will carry payloads to altitudes of between 5km-750km for short durations, before returning to earth. It was noted that housing needs for this project, and all others across the Islands Growth Deal were being explored.

The investment objectives for the project are to:

1. Establish the UK's Primary Suborbital Launch Site
2. Provide Employment, Training and Economic Return
3. Be the Suborbital Launch Site of First Choice
4. Sustain Local Businesses

The Report further stated that the total project cost is estimated at £3.342m. The estimated capital costs for the Spaceport 1 project are £3,048,099. The project is anticipated to draw down £1m capital funding support through the Islands Deal from the Scottish Government. The OBC outlines anticipated sources of match funding, including Comhairle nan Eilean Siar (£365k), Scottish Government (£365k), and HIE (£1,612,099).

It was agreed:

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