

ISLANDS GROWTH DEAL JOINT COMMITTEE

Minute of Meeting held through Microsoft Teams, Council Offices, Stornoway on Wednesday, 22 June 2022 at 4.00pm.

PRESENT

Cllr Emma Macdonald, Shetland Islands Council (Chair)
Cllr Paul Steele, Comhairle nan Eilean Siar (Vice-Chair)
Cllr James Stockan, Orkney Islands Council
Cllr David Dawson, Orkney Islands Council
Cllr Donald Crichton, Comhairle nan Eilean Siar

APOLOGIES

Cllr Dennis Leask, Shetland Islands Council
Mr Colin Kemp, Orkney Islands Council
Mr Walter McConnachie, Scottish Government
Mr Jamie Manson, Shetland Islands Council
Ms Kate Gwynn, Scottish Government
Ms Leija Thomson, Scottish Government
Ms Maggie Sandison, Shetland Islands Council
Mr Norman MacDonald, Comhairle nan Eilean Siar

OFFICERS IN ATTENDANCE

Ms Anne Murray, Islands Deal Programme Director
Mr Calum Iain MacIver, Comhairle nan Eilean Siar
Ms Charlene Macmillan, Comhairle nan Eilean Siar
Mr Gareth Waterson, Orkney Islands Council
Mr John Mundell, Orkney Islands Council
Mr Jan Riise, Shetland Islands Council
Ms Louise Shearer, Shetland Islands Council
Mr Malcolm Burr, Comhairle nan Eilean Siar
Mr Neil Grant, Shetland Islands Council
Mr Sweyn Johnston, Orkney Islands Council
Mr Tim Langley, Comhairle nan Eilean Siar

MINUTES

Appointment of 1
Chair

Mr Malcolm Burr, Chief Executive, Comhairle nan Eilean Siar, chaired the Meeting and called for nominations for Chair of the Islands Growth Deal Joint Committee.

Mr James Stockan, Orkney Islands Council seconded by Mr Paul Steele, Comhairle nan Eilean Siar, moved the appointment of Ms Emma Macdonald, Shetland Islands Council.

There being no further nominations, Mr Burr declared that Ms Emma Macdonald, Shetland Islands Council had been duly elected as Chair of the Islands Growth Deal Joint Committee.

Appointment of 2
Vice-Chair

The Chair called for nominations for Vice-Chair of the Islands Growth Deal Joint Committee.

Mr Donald Crichton, Comhairle nan Eilean Siar, seconded by Mr James Stockan, Orkney Islands Council moved the appointment of Mr Paul Steele, Comhairle nan Eilean Siar.

There being no further nominations, the Chair declared Mr Paul Steele, Comhairle nan Eilean Siar, had been duly elected as Vice-Chair of the Islands Growth Deal Joint Committee.

Minute of Meeting of 20 April 2022	3	The Minute of the Meeting of 20 April 2022 was approved.
Declaration of Interest	4	There were no declarations of interest.
Governance and Standing Orders	5	Ms Anne Murray, Islands Growth Deal Programme Director, submitted a Report detailing the content of the Islands Growth Deal Governance Agreement, and the Standing Orders for the Islands Growth Deal Joint Committee. The Report stated that the proposals for Islands Growth Deal Governance, including formation of a Joint Committee and a draft formal Governance Agreement, had been approved by Orkney Islands Council, Shetland Islands Council and Comhairle nan Eilean Siar, and were included at Appendix 1 to the Report. The Standing Orders align with the detail in the Governance Agreement and were agreed in October 2022 and included at Appendix to the Report.

It was agreed to note the Governance Agreement and Standing Orders.

Programme Update	6	Ms Anne Murray, Islands Growth Deal Programme Director, delivered a presentation detailing the Islands Growth Deal Quarterly Joint Committee Update – April-June 2022. Ms Murray noted that the Islands Growth Deal was an evolving process, from the submission of Outline Business Cases (OBC) and other documentation required to reach 'Full Deal' status.
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It was noted that Project Leads were working on the submission of Outline Business Cases to the Scottish and UK Governments in line with the terms of the Green Book Business Case Model. The Full Deal document cannot be signed until all OBCs are at a reasonable level and to the satisfaction of Scottish and UK Governments. It is only post Full Deal sign off, and on approval of Full Business Cases, that funding will be released for Islands Growth Deal projects. The Final Deal is due to be signed-off in October 2022, but it is anticipated that this could be extended into late 2022, due to slippage on some projects.

Ms Murray noted that 4 OBCs had been approved, with the Shetland Campus Redevelopment requiring to be resubmitted following a number of changes to the proposal. 2 OBCs had been submitted at version 3 stage and were awaiting feedback from the Scottish and UK Governments. Project Leads are working on 2 version 3 submissions, 2 version 2 submissions and 1 version 1 submission. Feedback was awaited on 5 version 2 submissions. It was noted that good progress had been made in terms of the projects.

Ms Murray noted that there is a Programme Risk Register in place, which outlined risk treatment actions for identified risks, including increased construction costs, match fundings gaps, and projects not meeting agreed timescales.

Financial Profile	7	As per item 3 of the Minute of the Meeting of 23 February 2022, Ms Anne Murray, Islands Deal Programme Director, submitted a Report detailing the current financial profile of the Islands Growth Deal and a number of associated issues around match funding and cost escalation. The Report noted 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. While not anticipated to be lost to the Programme as a whole, funding not drawn down in a particular financial year is not automatically carried over into the next financial year, so projects need to be accurate in their spend profile. The experience in other areas has been of frequent re-profiling of spend as the Deal progresses, and ongoing negotiation and dialogue with Government. Scottish Government have confirmed that the timing is based on when the Full Deal is signed within a particular financial year, so in practice there will be spend over 11 financial years.
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It was agreed to note the contents of the report and the actions that are proposed within each local authority to manage the financial profile.

With reference to item 6(b) of the Minute of the Meeting of 29 October 2021, Mr Neil Grant, Director of Development Services, Shetland Islands Council and Ms Anne Murray, Islands Growth Deal Programme Director, submitted a Report which sought approval of a revised Outline Business Case (OBC) for the Shetland Campus Redevelopment, a project which incorporates elements of, and the funding allocated to, the Shetland Space Innovation Campus project.

The Report stated that it was proposed to expand the project to incorporate the Shetland Space Innovation Campus project, previously led by Saxavord UK. It has proven challenging for Saxavord UK to progress the Islands-Deal funded project given other priorities for the Spaceport.

The Report further stated that UHI Shetland have already been working closely with Saxavord and this offers a natural opportunity for UHI Shetland to take a lead role in respect of space education, skills and training, and research and development. There are well established and close working relationships between Shetland UHI and Saxavord UK Spaceport, exemplified by the Shetland Space Education and Employment Pipeline where both organisations are represented on the leadership group. The Pipeline brings UHI Shetland and the spaceport together with key partners, including Developing the Young Workforce, SIC Schools Service and Skills Development Scotland, to collaboratively develop the education and workforce plans that will ensure the Shetland space sector thrives and has a strong local presence. UHI Shetland, Shetland Islands Council and Saxavord are all supportive of this change. It has also been approved by Scottish Government. The funding implication is an increase in Islands Growth Deal funding from £2m to £3m. Saxavord Ltd. remain a key industry partner.

It was agreed to approve:

- (1) the proposal to remove the standalone Shetland Space Innovation Campus project from the Islands Growth Deal;**
- (2) the submission of the revised Shetland Campus Redevelopment OBC to Scottish and UK Government;**
- (3) that the OBC will be subject to a process of feedback from both Governments;**
- (4) that the final version of the OBC will be presented to the Islands Growth Deal Programme Board and Joint Committee.**

Ms Anne Murray, Islands Growth Deal Programme Director, submitted a Report which sought approval of an Islands Community Impact Assessment (ICIA) for the Islands Growth Deal. Ms Murray stated that there is a no requirement for an ICIA within the Islands Deal, but this would represent good practice, and highlight impacts across communities.

In discussion, it was recognised that that there is a need for consideration as to how the ICIA is presented, in recognition that this is not a requirement as part of the Islands Growth Deal, or in terms of a 'policy, strategy, or service' changes from the UK Government, but would allow island authorities to fulfil statutory duties to the communities.

It was agreed:

- (1) to approve the Islands Growth Deal ICIA at Appendix 1 to the Report:**
- (2) to the arrangements for sharing the ICIA and embedding its findings into the implementation of the Islands Deal as outlined at 2.9 and 2.10 within the Report; and**

(3) to note that it may be beneficial to raise the issue of ‘island-proofing’ the Scottish Government’s City & Region Growth Deals Programme.

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In discussion, it was recognised that there would be merit in the Islands Growth Deal Joint Committee meeting in person. It was noted that the Convention of the Highlands and Islands (COHI) was anticipated to reconvene face-to-face meetings, and that this, and other national meetings involving island authorities, could provide an opportunity to convene face-to-face meetings of the Islands Growth Deal Joint Committee in addition to COHI etc.