

ISLANDS GROWTH DEAL JOINT COMMITTEE

Minute of Meeting held through
Microsoft Teams on Wednesday,
26 February 2025 at 9.00am.

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

APOLOGIES Mr Donald Crichton, Comhairle nan Eilean Siar

OFFICERS IN ATTENDANCE Ms Kathlene Morrison, Islands Deal Programme Director
Ms Charlene Macmillan, Comhairle nan Eilean Siar
Ms Kirsty Laing, Comhairle nan Eilean Siar
Mrs Elaine Mackenzie, Comhairle nan Eilean Siar
Ms Emma Macdonald, Shetland Islands Council
Ms Anne Murray, Comhairle nan Eilean Siar
Ms Hazel Tait, Shetland Islands Council
Ms Maggie Sandison, Shetland Islands Council
Mr Oliver Reid, Orkney Islands Council

Welcome and Introductions The Chair welcomed attendees to the meeting, and gave particular welcome to Ms Kathlene Morrison who was attending her first meeting of the Islands Growth Deal Joint Committee following her appointment as Islands Deal Programme Director.

The Chair ruled items 1 – 7 as urgent.

MINUTES

Minute of Meeting of 16 January 2025 1 The Minute of the Meeting of 16 January 2025 was **approved**.

Declaration of Interest 2 There were no declarations of interest.

Islands Growth Deal: 2025/26 Joint Budget 3 With reference to item 3 of the Minute of the Meeting of 28 February 2024, the Islands Deal Programme Director submitted a Report which sought approval of the Islands Growth Deal Programme Management Office budget for 2025/26. The Report noted that savings had materialised within the staff costs budget due to there being a three-month gap between the previous and current IGD Programme Director taking up the post, consequently only 50% of the Directors salary costs was claimed during this period to reflect the outgoing Directors time spent on maintaining the programme in the interim. Furthermore, staffing changes also postponed the development and appointment of a Modern Apprenticeship post, which will be revisited in 2025/26. Therefore, the Gross Expenditure will be less than forecasted, and 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 2025/26 PMO Revenue Budget (Appendix 2) reflect the current full staff compliment and take into account expected pay awards in both the Gross Pay (Programme Director and Project Officer) and Accountancy Services (Finance Officer) lines. 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 24/25.

It was agreed to approve the Islands Growth Deal Programme Management Office budget for 2025/26.

It was agreed that the public, including the press, be excluded from the Meeting during consideration of items 4 – 7 on the grounds of the amount of any expenditure proposed to be incurred by the partners under any particular contract for the acquisition of property or the supply of goods or services. Any terms proposed or to be proposed by or to partners in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

Bi-annual Report 4 With reference to item 6 of the Minute of the Meeting of 28 August 2024, the Islands Deal Programme Director submitted a Report which detailed the bi-annual financial forecast for the Islands Growth Deal. It was noted that the Scottish Government require submission of a bi-annual financial forecast for the Islands Deal on 28 February and 31 August of each year. This is required to include forecast claims and spend against each project for the remainder of the term of the Deal and is used to inform Grant Letters and considered as part of the Spending Review. It was noted that there had been variation in relation to the forecast spend for some projects, including potential scope to bring some projects forward into 2024/25. It was noted that the Islands Deal Programme Director will meet with all Project Leads as part of a programme of ongoing monitoring and review.

It was agreed to note the Report.

Quarter 3 24/25 Overview Report 5 With reference to item 3 of the Minute of the Meeting of 16 January 2025, the Islands Deal Programme Director submitted a Report which detailed the Q3 Quarterly Report from October to December 2024. The Report provided a summary overview of the quarterly financial spend forecast across projects, including current status (red, amber, green) and Grant Claim for the quarter.

The Report detailed the quarterly or longer-term risks across each project with a recognition that this is subject to significant change following the development of the anticipated programme change request. A Business Case Tracker will be used to monitor and review the status of Full Business Cases for each project. It was noted that there is an ongoing internal audit of growth deal projects, and that initial feedback has been positive.

The Islands Deal Programme Director noted that work is ongoing to consider the impact of a change request within the ORIC project in terms of scope and funding, and that a detailed update on the ORIC project, including potential changes and risks would be considered by the Programme Board and Joint Committee in April 2025.

It was agreed to note the Report.

Creative Islands Wellbeing 6 With reference to item 3 of the Minute of the Meeting of 8 August 2024, the Islands Deal Programme Director submitted a Report which sought re-approval of the Full Business Case for the Creative Islands Wellbeing Programme and collaborative workstreams. Creative Islands Wellbeing is a cross-island programme within the Islands Growth Deal with an allocation of up to £5.6m of funding (£3m Scottish Government /£2.6m UK Government) - £900k of the Scottish Government allocation is revenue funding.

The Report noted that the Programme was initially approved by the Joint Committee on 8 August 2024, subject to Scottish and UK Government approval. However, due to both Governments seeking subsequent clarifications on the proposals this resulted in five additional FBC iterations being required to be submitted. Official Government approval was granted on the 17 February 2025. Consequently, re-approval from the Joint Committee is sought to re-endorse its original decision.

The Report further noted that although additional clarification was sought on various statements in both the programmes economic case and activities, these did not impact nor change the overall aims and deliverables of the programme. The delayed approval has been reflected in a reprofiling of the programme's financials, which will not impact upon delivery of the approved elements of this Business Case.

It was agreed:

- (1) to approve the Creative Islands Wellbeing Programme Full Business Case, following its approval by the Scottish Government and UK Government;**
- (2) to note that approval is sought in relation to £1m of the £5.6m funding for Creative Islands Wellbeing and that this relates to funding required to progress the three collaborative workstreams within the Full Business Case; and**
- (3) to note that future approval will be sought in relation to the capital funding for creative hubs in the Orkney Islands and the Outer Hebrides once project business cases for these have been developed.**

Change Request 7

The Islands Deal Programme Director noted that a Programme change request will be submitted to Governments to amend or reprofile several projects within the Orkney Islands, and the Outer Hebrides. Detailed Reports on each change request will be submitted to each relevant local authority, the Islands Growth Deal Programme Board, and the Islands Growth Deal Joint Committee in April/ May 2025. The Annual Conversation with the Scottish Government and UK Government has been delayed until 29 May 2025 to consider the change request.

It was agreed to note the update.

Date of Next Meeting

The Islands Growth Deal Joint Committee will next meet on Monday, 16 April 2025 at 11.00am. The Meeting will be held through Microsoft Teams.