



SCOTTISH BUDGET 2023-24

RESPONSE TO THE RURAL AFFAIRS, ISLANDS AND NATURAL ENVIRONMENT COMMITTEE

1. Comhairle nan Eilean Siar (the Comhairle) welcomes the opportunity to respond to the Committee's scrutiny of the Scottish Budget 2023-24 and, in particular, the specific focus on the Scottish Government's Islands Programme and financial commitments to support the implementation of the Islands Plan. We would answer each question in turn as follows:

how the competitive process, as announced by the Scottish Government in March, is working for the six local authorities with islands;

2. The Outer Hebrides suffers from the highest [Transport Poverty in Scotland](#), the highest Scottish Local Authority projected population decline (2018-2028) of -6.1%, and is the highest Local Authority on the [Brexit vulnerability index](#). The Outer Hebrides has 53% of communities at data-zone level within the 20% most vulnerable communities in Scotland. [ONS](#) published sub-regional productivity information up to 2019 and produced statistics at Local Authority level. This shows the Outer Hebrides below average, with productivity 19% lower than the UK average.
3. Bespoke, locally designed and implemented solutions are critical and essential to tackling these significant structural challenges.
4. The Comhairle believes it would be preferable to work through an 'allocation methodology' rather than a competitive bidding process, based on island specificities (rather than metrics prescribed by Scottish Government), to assist in long term strategic planning.
5. The Islands Programme funding is welcome and appreciated the criteria for selection of bids is externally set. A more islands-focused approach would be to select bids based on local strategic criteria, agreed between each Islands Council and Scottish Government.
6. One year bidding rounds inevitably create uncertainty and will generally not favour the more strategically significant, projects which require longer lead-in times. If the bidding rounds remain annual, an indicative three-year allocation, to allow a greater degree of forward planning would be an improvement.
7. Islands are generally experienced and adept at developing proposals for place-based investment, and Comhairle nan Eilean Siar is currently working with Scottish Futures Trust to scope the projects and investments which the Outer Hebrides are likely to need over the next decade. The same principles should apply to the Islands Programme.

8. The Islands Programme is another example of a programme where criteria-setting and decision-making will take place entirely out with the Islands which the funding will benefit. Local control, responsibility and accountability is right in principle and good in practice.
9. The Comhairle believes that subsidiarity should be the guiding principle and that better decisions will be arrived at, and better investments delivered if the fund was devolved to local level.
10. In a devolved funding scenario, the Islands Strategic Group would continue to serve as Programme Board, through which appropriate Government oversight and strategic guidance could be exercised.

your views on the criteria used to assess and award bids

11. Scottish Government notified Local Authorities in March 2022 about the application process for the 2022/23 Islands Programme, with an available budget of £4m, and that bids must be submitted by 10 June 2022, with grant draw-down / project delivery to be achieved by 31 March 2023. This was a very constrained timetable for submission of bids, but more importantly the need for grant drawdown / project delivery by 31 March 2023 required that any bid submitted had to be in a high state of readiness.
12. Projects offered grant support in 2022 / 23 required to commit fully to the grant on offer with no facility for carry-over. As community involvement is rightly one of the criteria for the funding, an approach in which timescales are constrained and in-year spend must be achieved, makes planning difficult as consultation with partner agencies needs to be undertaken.
13. The guidance and criteria provided for the Island Programme is significant and wide-ranging with projects required to align with a range of overarching priorities including
 - The National Islands Plan;
 - National Performance Framework
 - Programme for Government
 - Infrastructure Investment Plan
 - National Transport Strategy and Strategic Transport Projects Review 2; and
 - Community Wealth Building
14. The key objectives were set to:
 - sustain, enhance and develop transformational and critical infrastructure projects based on local priorities whilst supporting the National Islands Plan.
 - reshape infrastructure by supporting shovel worthy projects, co-ordinating with other funded and planned initiatives on the islands to drive sustainable island growth.
 - support projects which use clear Place based, Community Wealth principles to support inclusive island growth while working to achieve the Scottish Government's Net Zero Ambitions and a Just Transition.
 - maximise leverage of partnership, investment, and cross policy funding.
15. Project typologies were outlined as follows:
 - Meet the overall objectives of the Islands Programme.
 - Link directly to at least one of the National Islands Plan Strategic Objectives.
 - Ensure transformational impact against place-based priorities to accelerate local growth and resilience.

- Align with local critical infrastructure priorities and have the potential to collaborate with other place-based investment opportunities to maximise benefits.
 - Demonstrate project readiness, collaborative and partnership models, project viability and long-term sustainability.
 - Demonstrate clear Community Wealth Building principles (such as local benefits from procurement and support for local supply chains) and community involvement and engagement
 - Support Scottish Government Net Zero Ambitions and a Just Transition.
16. While each of these alignments, objectives and typologies are fine and appropriate in-and-of themselves they are too many of them and there is no indication of hierarchy. There is no commentary as to the key determinant(s) in decision-making. This, arguably, has the advantage that most projects would be broadly eligible, but the disadvantage that projects may be worked up and submitted with little opportunity to be successful.
17. This methodology is hugely inefficient as it requires multiple handling, multiple readings, and multiple assessments of individual projects. A locally delivered fund with a set of local developed criteria (which could be agreed and signed-off by the Scottish Government) would offer the most strategy, deliverable, effective and efficient methodology.

how this approach is different to how Islands Programme funding was previously allocated;

18. The Comhairle received a revised grant offer letter of £1,379m from Scottish Government under the Islands Infrastructure Fund 2021/22 on 13 January 2022 to be spent or committed by the end of March 2022.
19. That grant offer letter defined the purposes and objectives of the grant. It defined the targets / milestones against which progress in achieving objectives and outcomes would be monitored. It also defined eligible costs for which the grant could be utilised and the legal and technical aspects of the grant offer.
20. Within the technical constraints outlined with the grant offer (which would be considered normal and standard for that type of legal document) the Comhairle had flexibility to define and agree the most appropriate projects, based on local need and local requirements. There were appropriate Scottish Government monitoring requirements built in to provide external oversight on decisions and progress.
21. The approach under the Islands Infrastructure Fund was, therefore, viewed as appropriate and superior to the new approach under the more constrained and externally dominated approach of the Islands Programme.
23. Other funding strands in 2021/22 such as the Island Communities Fund (ICF) and Healthy Islands Fund were managed by Inspiring Scotland. The Local Authority was asked for comments after the assessment process had been undertaken for ICF projects. There appears to be no credible reason why these funds are managed externally to the islands in this manner. It disempowers and islands and give an inappropriate signal to local stakeholders.

how island communities have contributed to the development of these bids;

24. The Comhairle's approach has been to support community and third sector organisations who are engaged in community economic development or community wealth building. Under the Islands Infrastructure Fund, we were therefore able to support four projects (Leverburgh

Community Hub, Comunn Eachdraidh Eirisgeidh, Great Bernera Marina Hub and Ionaid Hiort) with projects they had been developing over the past period. Through community engagement we have a “pipeline” of credible community projects that can be fast-tracked for support when the funding is locally allocated.

25. Under the Islands Programme we bid on behalf of several other community organisations (Bernary Hall, Urachadh Uibhist and Sgoil Eirisgeidh) who were the next set of strategic community investments. Under this programme we were unable to allocate funds directly. Instead, we had to administer a set of applications on behalf of the community groups, which required additional work for the community groups and the submission of the bids for external assessment and decision. This simply adds time and inefficiency to the process.
26. As can be seen from the submitted bids the community and community development is fundamental to the Comhairle’s approach to the Islands Programme (and its predecessor programme). Community engagement and the delivery of projects on behalf of communities has therefore been core to the Comhairle’s strategy for these funds.

how this investment works with other capital funding, e.g. the Islands Growth Deal, capital grants from the Scottish Government, HIE, any levelling-up funding and the Scottish National Investment Bank

27. The present funding environment is complex with multiple funding streams, each with their own intervention rates and eligibility criteria. Most projects now require a “jigsaw” of differing funding sources to allow the completion of a funding package. The Islands Programme is a critical part of that mosaic and works well as part-financing that sits alongside other programmes such as the Regeneration Capital Grant Fund.
28. The Comhairle works in close collaboration with HIE. The projects we have supported or have bid to the Islands Programme are also HIE priority and HIE grant supported projects.

how Islands Programme projects will impact population levels on the most vulnerable islands and communities.

29. The projects submitted by the Comhairle under the 2022/23 Islands Programme were all Uist based and were targeted as supporting activity relating to the Uist Repopulation Zone. The Repopulation Zone was identified following work undertaken by the Convention of the Highlands and Islands. A comprehensive investment plan has been developed that contains initial actions under five key headings: Housing, Jobs, Critical Infrastructure, Access to Services and Talent Attraction/Retention. The IP bid will therefore support key projects that will be beneficial to population retention efforts.
30. Population related issues are a key Comhairle priority, and it is anticipated that any future funds and investments will remain targeted on the Repopulation Zone or on initiatives that will positively impact on population issues.