

12 October 2022

Finlay Carson  
Convenor  
Rural Affairs, Islands and Natural Environment Committee  
c/o Clerk to the Committee  
The Scottish Parliament  
Edinburgh  
H99 1SP

Dear Convenor

SCOTTISH BUDGET 2023/24 – THE ISLANDS PROGRAMME - EVIDENCE  
SESSION 28 SEPTEMBER 2022 - FOLLOW UP CLARIFICATION

At the evidence session on 28 September, we agreed to provide further information in response to Rachel Hamilton's questions "Was there ever a consideration that private funding could have been leveraged with regard to the islands funding?" and "Can you write to the committee to say whether any private funding was sourced?"

In relation to the Islands Programme, the nature of the projects themselves, delivered by public and/or third sector bodies, is such that they do not naturally fall into the private or commercial sphere of finance – they are essentially looking for grant funding to progress. We are unable to comment on any initial funding avenues which specific projects may have pursued as the projects were put forward as developed business cases by the Local Authority applicants.

That said, we have reviewed the final confirmed funding sources for each of the 15 applications to the 2022/23 Islands Programme. I can confirm that one of the applications was co-funded by a small amount of "private" funding: Comhairle nan Eilean Siar's project for Community Facilities which was awarded £347,781. This project was also funded by £20,000 donations, £9,664 Crowd Funding and £20,000 from the Berneray Community Hall group, as well as a combination of NHS Western Isles, HIE and Crown Estates Funding.

The other aspect related to the Programme, is how those projects funded by the Islands Programme will deliver economic and inclusive growth. Many of the projects act as enablers for such outcomes and in turn unlock wider private investment and finance. As an example, the £509,450 Islands Programme award to Millport Town Hall Phase 2 supports the progress of the second phase of the regeneration programme. Phase 2 will provide additional income generation to ensure the building is financially self-sustaining. The project will deliver social and economic outcomes for the whole island as well as a sense of community empowerment and resilience for the future. The project will enable all sections of the small island population to come together, delivering facilities to enhance the physical and mental well-being of all, whilst supporting local employment and the development of the island's tourism economy.

Importantly, as well as social infrastructure the project will provide an economic stimulus to help the island recover socially and economically from the impact of COVID-19, contributing to the resilience of the island. It will create two new jobs and continue to support 111 jobs and 33 businesses and enterprises in total. We will look to understand such outcomes as we move forward into the monitoring and evaluation phases of the Programme.

Beyond the Islands Programme, as SFT, we have sought to understand, and contribute to, how different public sector funding tools and innovation can again unlock wider economic and private sector activity and investment. Examples include support to the Islands Growth Deal, the Growth Accelerator funding approach for the Stornoway Deep Water Port, the Fair Isle Energy Project and the Scottish 4G Infill Programme, amongst others.

I hope this answers your question.

Yours sincerely,

**TONY ROSE**

Director Strategy, Place and Economy