

Cross-Party Group on Islands

9th Meeting incorporating the Annual General Meeting

26 February 2025 – 13:00 – Online via Teams

Meeting Minute

Present

MSPs

Beatrice Wishart MSP
Jamie Halcro Johnston MSP
Tim Eagle MSP
Rhoda Grant MSP

Non-MSP Group Members

Artemis Pana
Kirsty MacColl
Colin Buchanan
Maree Hay
Eileen Linklater
Mia Lalanne
John Grieve
James Paterson
Nikki Brown
Irina Protasova Del Villar
Isebaill MacKinnon
Alastair Dobson
Kate Lonsdale
Mike Danson
Caitlin McNeill
Thomasina Glover
Vanessa Halhead
Grace Hutchison
Jane Cooper
Anne Cleave
Erin Simpson
Sandra MacInnes
Ryan Felber
Shona Flanagan
Rebecca Munro
Peter Brown
Emma McMullen
Sarah Baird
Chris Coles

Matthew McGowan
Nicola Ross
Louise Kirk
Fiona Fawcett
Liam Orr
Terry Hegarty
Jen Smith
John Forbes
Alex Durie
Gary Nickells
Sheila Gilmore
Sheena Stewart
Helen Ross
Mark Burgess
Suzanne Forup
Kathleen Dow
Marion MacNeil
Gillian Tolmie
Peter Roebuck
Sean F Ó Drisceoil
Kathlene Morrison
Emma Macdonald
Janet McNaughton
Brian Whittington
Stuart Grant
Linda Johnston
Ian Hopkins
Diane Forsyth
Harriet Warman
Elizabeth Clark
Aimee Labourne
Al Walker
Margaret McSporran
Meng Wu
Louise Logan
Stewart Wilson
Theona Morrison
Claire Seaton
Jennifer Foley
Iain Kennedy
Thomas Fisher
Brian Cavan

Apologies

Liam McArthur MSP
Alice Mathewson, North Yell Development Council
Janet Marshall, Clean Coast Outer Hebrides
Ariane Burgess MSP
Donnie Steele, South Uist
Alasdair Allan MSP
Sandy Brunton, MICT

1. Welcome

Jamie Halcro Johnston MSP welcomed attendees to the 9th CPG Islands meeting, focused on Island Enterprises and Businesses, noting there were 119 people signed up from at least 33 of Scotland's islands.

2. Apologies

Meeting apologies were listed in the chat.

3. Minutes of previous meeting

The minutes of the meeting on 11 December 2024 with Housing Minister Paul McLennan MSP were agreed as correct (Beatrice Wishart MSP, seconded by Alastair Dobson).

It was noted that a response from Mr McLennan to the CPG's written questions would be circulated once received by the Secretariat.

4. Annual General Meeting

It was noted that Beatrice Wishart MSP, Deputy Convener, will not stand for re-election in May 2026. While this announcement does not impact the AGM proceedings, it provided an opportunity for the Convener and the wider membership to express heartfelt thanks to Ms Wishart for her leadership on the CPG and for championing islands through her work as an MSP.

Jamie Halcro Johnston MSP was re-appointed Convener of the CPG on Islands (proposed by Beatrice Wishart MSP and seconded by Jane Cooper).

Beatrice Wishart MSP was re-appointed deputy Convener of the CPG on Islands (Proposed by Jame Halcro Johnston MSP and seconded by Alastair Dobson).

The MSP membership of the CPG was confirmed.

Scottish Rural Action and the Scottish Islands Federation were re-appointed as joint Secretariat of the CPG Islands (proposed by Jamie Halcro Johnston MSP and seconded by Beatrice Wishart MSP).

The appointments concluded the business of the 2025 AGM.

5. Presentations from island enterprises & discussion

Jamie Halcro Johnston welcomed presentations from:

- **Maree Hay**, Managing Director of Polycrub, a trading arm of Northmavine Community Development Company (NCDC) in Shetland. Polycrub has developed pioneering weather-resilient polytunnels, catering to a domestic and an international market.
- **Colin Buchanan**, Chair of the Isle of Luing Community Trust which is bringing together a financial package to re-open the island's slate quarry.
- **Eileen Linklater**, Director of Corporate Affairs for EMEC – the European Marine Energy Centre - a non for profit company, established in 2003, which is the world's first and leading facility for demonstrating and testing wave and tidal energy converters.

Key points from Polycrub presentation:

- Shetland is closer to the Faroes and Norway than to Edinburgh and it is a 14 hour ferry to Aberdeen.
- Northmavine is a settlement in the far north of the Shetland mainland. It is home to 770 residents, circa 330 households, and the largest employers are the three primary schools. Northmavine is socially and economically fragile and Northmavine Community Development Company (NMDC), a charity, has been working in the community for over two decades on projects that increase its sustainability and resilience.
- Polycrub emerged from a project in 2007 exploring carbon reduction practice and the desire by the community to grow more fruit and vegetable locally. The challenge that NMDC sought to overcome was the creation of a polytunnel structure that could withstand Shetland's storms. 12 prototype growing spaces were created, each shared by four people in the community. That was meant to be the end of the project but interest in the structures grew, resulting in NMDC setting up a trading company – Polycrub – to manage the production and distribution of the novel polytunnels. Profits from trade are reinvested in the community.
- Over the past 15 years, Polycrub has developed its business, including internationally, and has increased its range of products all of which withstand wind speeds up to 120 miles an hour.
- Polycrub has worked with the Rural Payments Inspectorate Division to ensure full compliance so that purchase of Polycrubs are eligible under the **crofting**

and agricultural grants system. A potential risk for the business and for crofters is that this eligibility is removed.

- One of Polycrub's unique selling points is the trust in quality that comes on the back of being located on a Scottish island. If Polycrubs can withstand an island environment, they are able to withstand the pressure of any environment.
- Maree Hay noted that people, including decision-makers in large, urban centres often complain that small islands like Shetland are subsidized. Contrary to this, business like Polycrub in sectors including energy, tech, fishing and agriculture add much to the national economy, and islands themselves are important to the UK's economic, social, environmental and cultural fabric. Subsidies are not hand-outs. They are intended to level the playing field for businesses which, due to necessity or intention, are located in areas with higher costs associated with trading.
- The positive of running an island business is the enormous contribution these make to local communities, despite, or sometimes because of their small size. They create employment and opportunities for profits to be invested locally. They invariably create products or services that are useful to local people. Polycrubs, for example, contribute to health, wellbeing and food security.
- Challenges for Polycrub include **freight logistics** with an average kit being 9 meters long. To address the cost of getting materials on island to build Polycrub tunnels, and the cost of getting the kit off Shetland, Polycrub has opened hubs on Lewis, in Inverness and in Cheshire, as well as maintaining its Shetland hub. Even so, it is cheaper to send a Polycrub from Cheshire to the Faroes than it is to send it from Inverness to Mull. Each polycarbonate sheet costs an additional £10 to bring to Shetland or Lewis compared to bringing them to Inverness or Cheshire. This equals a £15,000 per year reduction in profit margins. Maree Hay called for **proper subsidies** to overcome the island premium which disadvantage island businesses and residents.
- A final challenge mentioned - **building standards regulation** on a 4x7 Polycrub, or smaller, are not required but any structure bigger than this does require a warrant. The costs of this, and the time, reduces the saleability of the larger structures, which are only 48 square meters. These need to be amended in particular in agricultural environments.

Key points from Luing Slate presentation:

- Isle of Luing is in the west of Argyll, with a population of 200 and connected to another island, Seil, by ferry, which in turn is connected by bridge to the mainland.
- Historically, Luing was a major producer of slate but the industry shut down in the mid-1960s due to competition from other countries and a move to embrace different building styles. The Community Trust (LCT), which owns the mineral rights on the island, started exploring the feasibility of re-opening one of the slate quarries in 2020. LCT recognise this will be an 'island sized' development, not a huge business. The hope is that it will help create at least five jobs leading to greater population retention of working age people, and the primary school opening again. Only 200 tonnes of finished slate would be produced each year, but it is a high value, low weight product so relatively profitable – up to £100K

per annum would be generated for LCT to reinvest in the local community. Furthermore, slate waste could be used to help deal with coastal erosion.

- Planning was approved in 2024 but in terms of challenges, the project does carry high risks. A significant amount of capital is needed to reopen the quarry, about £2.5 million. There is also the issue of freight changes, and the limitations on the weight the ferry to Seil can actually carry. Further to this, there is a need to re-skill the local workforce as this is an industry that has not been in place for 60 years. Scotland is the only UK country that does not have slate manufacturing skills, but they could be training bought in from England or Wales. Finally, there are challenges with housing workers – lack of housing on Luing is a similar concern as with most other islands.
- All these challenges are interlinked, as are the solutions – if LCT can start small with the quarry and generate an income, then this income could contribute to building new houses, and the island would have increased opportunities to support a growing workforce.
- LCT has received good support from HIE and Argyll & Bute Council to develop the project, but it has high startup costs and a long development time so profits will only begin to play in after a number of years. As a result, the initial investment and funding package is proving particularly problematic. Compounding this, is the fact that despite the rhetoric around community wealth building, as a community organisation, rather than a private interest seeking investment for an industrial development, LCT does not fit the usual box. Colin Buchanan noted that there is a need for public agencies, like HIE and Councils, as well as the Scottish Government to **de-risk island start-ups, especially industrial start-ups**, so they are attractive to funders and investors. He also suggested that the **Community Wealth Building** agenda could facilitate this process through putting increased emphasis on investments that enable communities themselves to purchase and develop local assets.

Key points from EMEC presentation:

- EMEC, the European Marine Energy Centre is the world's only accredited test laboratory for wave and tidal energy. It is a not for profit, set up with public moneys and with a mission to reduce the time, the cost and the risk of integrating new renewables technologies into the energy system, starting in Orkney. Over its 20 years in operation, it has grown to design a systems approach to the energy transition, rather than exclusively focusing on wave and tidal technology. Its USP is providing facilities where people can put new technologies to the test in a properly challenging environment, so Orkney itself is absolutely fundamental to EMEC's business model. Currently, it has 40 million pounds worth of infrastructure, which is spread all around the Orkney Islands, and with that 40 million pounds of investment in infrastructure for testing, mostly cables and substations, hardware and instrumentation, EMEC has generated a return to the Scottish economy of £263 million gross value added, and within Orkney alone, £130 million.
- Through supporting the testing process, EMEC paves the way to commercialising new technology and also helps build supply chains around emerging industries and generate employment. Over the last 20 years, the company has had a number of 'world firsts' so as well as having tested the

world's first grid connected wave energy converter, EMEC is currently, right now, today, on its tidal test site, testing the world's most powerful floating tidal turbine. Further to this, one of the projects that completed recently used the green hydrogen produced on its site to produce synthetic aviation fuel, and that resulted in a Guinness Book of World Records entry for the world's first synthetically-fuelled flight by the RAF. Work that is happening in Orkney is absolutely, genuinely, world leading.

- The strengths of an island business are many, including the availability of natural resources and the diverse, and sometimes extreme, environments in which products can be developed and tested. In terms of the energy system, Eileen Linklater suggested that we need to remember that the islands are very strategically located - not peripheral, not remote, not on the edge, but right at the epicentre of the renewables revolution. And the renewables industry is just the latest in a long line of sectors that the islands have embraced from agriculture, heritage, fishing, education, construction and oil and gas. The sea has always been part of the makeup of the islands. Stewardship of resources is also something that Islanders are strong on. Islanders inherently understand sustainability, because it's about balancing the economic and the social and environmental, and that's how people survive in an island context. Innovation is another strength – islanders find a way to make things work, because they have to be very resourceful.
- In terms of challenges, Eileen Linklater highlighted that more investment is needed by government in research and demonstration, especially in emerging industries like wave and tidal energy, or in industries that are making a comeback in a new environmental context, like slate quarrying. She also noted the problems inherent in creating highly skilled jobs and then recruiting for them. Housing is a major obstacle to recruitment but so are restrictions in the UK migration system. Compounding challenges, is the ability of an island business, especially a not for profit, to compete with the mainland private sector on salaries while also recognising the high cost of living on an island. To address these challenges EMEC has developed a strong values-based marketing and outreach approach, both to young people in Orkneys schools but also nationally and internationally, positioning EMEC as the pioneer in its sector - “the NASA of marine energy.”
- Eileen Linklater noted, in addition, that the islands require greater investment in infrastructure – grid and connectivity infrastructure – for its businesses to thrive, but that this investment, similar to EMEC's, will see exponential returns for the national and local economy.
- Ending on a positive, Eileen Linklater highlighted that in the island context, challenges are frequently turned into opportunities to innovate. EMEC's production of green hydrogen which led to the World record aviation project came as the result of trying to mitigate Orkney's grid constraints – “business opportunities arise from identifying and removing pains”.

Key points from discussion

- It was noted that **the word ‘subsidy’ has negative connotations** of bail-outs, or of disruption to market forces and more positive words, such as “weighting” or “incentives”, could be used to capture the value of levelling the playing field for businesses who chose to locate, or need to be located in island places.

- **Housing alongside connectivity are the two main issues** facing island businesses, alongside the assumption that the success of island businesses must be measured against the number of jobs they create and their turnover, with contributions to wider economic or social outcomes frequently overlooked.
- In terms of housing in particular, as Colin Buchanan suggested, there is a tendency to centralise house building, including affordable houses, around existing population centres which risks the sustainability of settlements furthest from these. Conversely, it is frequently in these settlements that businesses can thrive because of the environment, the landscape, the natural resources, the heritage and the unique sense of community all providing USPs and contexts for their products.
- It was noted in the chat that the Development Trust on Arran is dedicated to providing affordable housing (rent) for Workers and the Board's focus will always be to do this in order to support the many local businesses to recruit and in island terms, it will add to the island population ... if appropriate housing is provided it will attract a skilled workforce where and when needed.
- A point from Brian Whittington – “Most small businesses are not VAT registered - so all costs attracting VAT, deliveries etc, add 20% onto everything and cannot be recovered. **Is there a case for zero rating VAT for the islands, across the board?** This would reduce all costs, and might attract further investment into very fragile communities.” – resulted in discussion around VAT rates and how they may be tailored to island businesses, from a zero rated VAT bracket for the islands to tailored, preferential VAT rates for businesses that sell locally. Mark Burgess suggested that it is absurd accessing funding from government sources for community enterprise projects, only to pay 20% back to the government.
- Thomas Fischer noted that another way of reducing island business costs, apart from zero rating VAT, would be to **give islands far better terms of trade for the renewable energy we generate**. Cheaper energy could radically reduce business costs, and also wipe out the very high rates of fuel poverty.
- The need to **redesign local education offerings**, from secondary school curricula to further and higher education opportunities in the islands, to the islands economy was noted. In particular, the approach taken by Comhairle nan Eilean Siar to pivoting local education offerings towards local economy opportunities, with a strong emphasis on sustainability and entrepreneurship was commented on as a positive example. Several businesses highlighted that their attempts to discuss **apprenticeships or tailored courses** through UHI and other institutions after promising starts, had come to nothing. For EMEC, offering summer internships to secondary school pupils has proven more successful.
- Finally, **the need for businesses to work with their local community** was discussed, especially in the initial stages of being established. Having community support, rather than opposition, behind planning and funding applications can be critical. In effect, the business vision needs to align with the community vision, especially when there are big developments involved. For LCT, for example, which experienced community opposition to plans to reopen the slate quarry, the shared vision meant galvanising behind a positive aspiration of population growth while tackling the realities of climate change. As Maree Hay said, island communities need to save themselves and their local enterprises, led by those who already live there, will help them do that.
- To close the meeting, it was noted **that the tide is turning on the perception that “to get on in islands, you need to get off”** and that islands are increasingly recognised for their significant impact to the national economy.
- Two points which were not explored in depth included a question around improving **Island Community Impact Assessments** to mitigate for some of the negative impacts of policy on island businesses, and a comment on the need to **revisit freight charges** working with transport providers.

6. AOCB

Nothing raised.

7. Date of next meeting

Jamie Halcro Johnston MSP closed the meeting by thanking all three presenters and the membership for the lively discussion which would feed directly into the in-person Islands Economy Showcase at the Scottish Parliament on 2nd April 2025.

Thanks to sponsors – Loganair and Northlink – who have made it possible to bring around 30 enterprises to the Scottish Parliament. The Showcase is organised as a partnership between the CPG on Islands, Highlands & Islands Enterprise (HIE) and the six local authorities with island regions. Its purpose is to celebrate the contribution of enterprises like those that spoke today which drive the islands' economy, and to bring them together with MSPs, government officials and other strategic stakeholders, to share views on future directions for policy and investment.

Jamie Halcro Johnston MSP noted the island voice in Parliament is still not as loud as it should be, given the contribution of islands to Scotland and this is an opportunity to raise awareness of the diversity of island economic activity, from food & drink, and tech companies to social and community enterprises. There will be a closed session between enterprises and MSPs, followed by a Parliamentary debate and a reception in the main area of the Parliament. He advised that there will be tickets available for CPG members to attend the debate and the evening reception in person.

Meeting Concluded 1.10pm