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Dear Mr Doris

As referred to in our correspondence of 1 August, I am pleased to provide below the information you requested about the development of our Islands Deal in your letter 30<sup>th</sup> July 2018.

You had specifically requested information relating to two main areas, and I have structured our response below accordingly.

I also felt it would be helpful to firstly outline where in the growth deal process we are, as this is relevant to the responses we have provided.

The three Island Councils and their partners have developed an initial set off proposals to discuss with the Scottish and UK Governments for inclusion within an "Islands Deal". As you will be aware, the process for the development of a growth deal, requires that the UK Government make an announcement that there is to be a growth deal for a specific area, before the UK Civil Servants will engage in detailed discussions and negotiations aimed at reaching an agreed Heads of Terms. Following recent meetings with the Parliamentary Under Secretary of State at the Scotland Office, we are working on the expectation that this announcement could happen in the spring of 2019.

This would then be followed by a period of discussion and negotiation with both Governments to reach agreement on the actual proposals and amount of funding to be included within the Heads of Terms for the Islands Deal. Based on the experience of other growth deals, we would hope to reach this stage by the end of 2019. This would then be followed by a further period of time when the detailed business cases for the agreed projects are prepared and submitted to the Governments for approval, before funding can be released. The experience of other growth deals would suggest that this could take a further 9 to 12 months, taking us towards the end of 2020 before project implementation commences.

This extensive time period therefore provides good opportunity to continue to engage actively with our Island communities and ensure the resulting agreed Islands Deal has their support.

**Q1) Your plans for community engagement and how local people will be involved in the development and selection of projects in their areas**

During 2016 and 2017, all three Island Councils and their local Community Planning Partners invested significant time to develop the new, long term, Local Outcome Improvement Plans (LOIPS) for their areas. These LOIPS are regarded in each Island group as the prime long term strategic planning reference documents and which provide the framework within which subsequent strategic plans and initiatives are developed.

The timing of the development of these LOIPS was very helpful for the development of the Islands Deal, as it provided an up to date strategic planning framework and clear priorities for each Island around which the Islands Deal proposals could be developed.

The development process for the LOIPS in each Island Group involved:

- a detailed Strategic Needs Analysis drawing from a wide range of socio-economic, demographic and related data sets from the CPP partners to create a deep understanding of the strategic needs and challenges facing the different communities across the various inhabited Islands that make up each Island group.
- An extensive and structured community engagement process, using a mixture of online surveys and local community meetings across the Island Groups. All three used the “Place Standard Toolkit” for the online survey element, which allowed a significant proportion of the local population to provide their views on the strengths and weaknesses of their local areas and their priorities for improvement (with the total number of responses being 1174 Western Isles, 939 Shetland and 376 Orkney). Orkney also undertakes a regular public opinion survey mechanism, with the survey undertaken in early 2018 including a question on which priority areas respondents felt that Islands Deal projects should focus on.

Given the level of community and partner engagement that had gone into the development of the LOIPS on each Islands and the strong sense of community ownership of the identified priorities, it was decided that it was more appropriate to use these LOIP priorities as part of the mechanism to assess and prioritise the initial long lists of Islands Deal proposals, rather than carry out a separate Islands Deal community engagement exercise.

Our approach was also influenced by the experience of other growth deal areas where the initial list of proposals they took into discussions with the two Governments was very substantially revised as part of the negotiations before a Heads of Terms was agreed. We wanted to avoid the risk of unnecessarily raising community expectations at this early stage in the process which would inevitably not all be met.

It's worth highlighting also that the process we are going through at the moment to further develop our current long list of proposals in advance of discussions with the two Governments, is being supported by a wide range of local Community Planning, academic and industry partners and we

benefit from the strong connections many of these have within the local communities they serve and/or work within.

Once we have reached the stage in the process where we have an agreed Heads of Terms, our intention would be to engage actively with the relevant communities across the three Island Groups on the agreed outline proposals so that they have the opportunity to help shape and influence the next stage of detailed project development.

As you may be aware from your Committee's consideration of the growth deal process, the proposals that make it into the Heads of Terms are still at an outline stage and require a significant amount of further development work to prepare the detailed business cases upon which funding release decisions are taken. We believe this more intense development stage provides a good opportunity to engage communities in a process that can build strong community interest and ownership of the final proposals that will be implemented.

Our intention would be to use the existing Island Community Planning structures as the route through which that stage of community engagement would be managed. The Islands Deal Programme Office would have a coordinating role across the three Island groups, but given the earlier points made about the Islands Deal proposals supporting the priorities and objectives of the Island LOIPs, we believe there is an important role for the CPPs in this phase of development activity and in the subsequent monitoring of the impact of the projects.

## **Q2) Your plans to ensure that the deal contributes to inclusive growth**

We welcome the increasing focus in Scotland on Inclusive Growth as the underlying philosophy of seeking to ensure that all members of our communities benefit from the economic growth taking place within an area has been central to our own, long term, efforts to support wellbeing and sustainability across all our widely dispersed Island communities.

As highlighted in our response to the previous question, the development of each of the Islands' LOIPs had been supported by a detailed strategic needs analysis involving a wide range of data and which provided a rich picture of the socio-economic and demographic differences across the Island Groups. Our aim in developing the Islands Deal proposals has been to ensure that the significant economic growth potential available from the Islands' unique assets, and which the Islands Deal is seeking to realise, will have a positive impact across all our communities, with a particular emphasis on supporting the sustainability of our remoter Islands.

This has directly influenced the choice of a number of themes within the Islands Deal including Fit For Future Housing, Digital Islands, Heathy Ageing & Remote Rural Health & Care Delivery, Islands Future Skills and, Leading the Way to a Low Carbon Future.

Specifically in relation to the use of the Scottish Government's Inclusive Growth toolkit, a workshop was also held on November 2017 with the Scottish Government team and staff from our partner Highlands and Islands Enterprise. An initial assessment of the Highlands and Islands area was undertaken using the "Inclusive Growth Diagnostic Toolkit", which included a specific assessment of each Island Council area.

We have subsequently been engaging with the Scottish Government's Economic Development Team and the recently created Centre for Regional Inclusive Growth to help further extend our understanding of the Inclusive Growth approach as they define it. This is helping us to make best use of the Toolkit and other supporting material now available through the Centre's new website. We are also benefiting from the learning from other regional growth deals who have adopted the process, such as the three Ayrshire Councils.

We are currently mapping the strategic needs analysis undertaken through the LOIP development process against the criteria used within the Inclusive Growth Diagnostic Toolkit. The aim is to identify any areas where further data and analysis would benefit our understanding of the challenges and needs across specific Island communities and support the development of Islands Deal proposals that will have maximum beneficial impact.

We have also recently met with researchers at the James Hutton Institute to discuss the potential benefits of linking their recent Scottish Government funded research into the demographic trends within Scotland's sparsely populated areas and our own demographic analysis work.

I hope this response to your questions is helpful, but if we can provide any further help to the work of your committee, please let me know.

Kind regards

David Amos

Islands Deal Programme Director

cc: Councillor Steven Coutts, Leader, Shetland Islands Council  
Councillor James Stockan, Leader, Orkney Islands Council  
Councillor Roddie Mackay, Leader, Comhairle nan Eilean Siar

