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Finlay Carson MSP
Convener of Rural Affairs and Islands Committee
Scottish Parliament
Edinburgh
EH99 1SP

12 October 2023

Dear Finlay,

Post Budget 2024-25 committee session – 27th September 2023 – further information

I would like to thank the Committee for the opportunity to attend recently and discuss my portfolio interests prior to the 2024-2025 budget.

During the meeting I offered to confirm the definition of 'ring fenced'. In the 2021 Spending Review settlement, HM Treasury included non-Barnett funding with associated ringfences/conditions, an element of which was '... for the purpose of supporting farmers, land managers, rural communities and rural businesses.'

The Scottish Government reports spending against ring fenced allocations to HM Treasury as part of regular financial monitoring processes and has complied with all HMT requirements regarding expenditure from ring-fenced agricultural funding.

When the (previous) Deputy First Minister announced the Emergency Budget Review ([EBR¹](#)), he set out the steps the Scottish Government was taking to respond to the economic circumstances, which were - and still are - amongst the most complex and challenging in recent times. The impact of inflation saw the 2022-23 budget worth around £1.7 billion less than when it was introduced to Parliament in December 2021.

The EBR reflects a difficult process of re-prioritisation undertaken across the Scottish Government to support the achievement of a balanced budget and to support those hardest hit by the cost of living crisis, including those farmers, land managers, rural communities and rural businesses represented in my portfolio.

¹ [Emergency Budget Review published - gov.scot \(www.gov.scot\)](#)

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The Deputy First Minister confirmed at the time of the EBR announcement to Parliament, and more recently at a meeting with NFU Scotland, that the ring fenced funds that had been subject to reprioritisation will return to the portfolio in future years. Exactly when the money will be returned to the portfolio will be part of future budget discussions.

As requested at the meeting, please find below information on the National Islands Plan consultations in Annex A, and more information on funding provided through the Islands Cost Crisis Emergency Fund in Annex B.

I would also like to take this opportunity to reiterate to the Committee, as I set out in my opening statement, that I will continue to work with our partners, and colleagues across government to support the resilience and strength of our rural, island and coastal communities and businesses.

Yours sincerely,



MAIRI GOUGEON

Annex A – National Islands Plan – details of consultation events

The National Islands Plan, the Islands (Scotland) Act 2018 requires a review of the Plan within 5 years of initial publication. This review provides the Scottish Government and partners with an opportunity to reflect on changes in circumstance for island communities since 2019. The Act requires that a consultation must take place as part of this review and this will provide us with information on what may need to be revised before any new Plan is laid before Parliament. The Scottish Government firmly believes that the review of the National Islands Plan should be informed by the views of those on our islands, to the greatest extent possible.

Alongside the current online consultation, islands officials are undertaking a series of islands based community workshops, details of which are provided in the table below:

Date	Island	Venue	Time
Thurs 21 Sept	Eigg	Am Laimhrig	5pm – 7pm
Tues 26 Sept	Grimsay	Ceann na h-Airigh	6pm – 8pm
Weds 27 Sept	Lewis	The Bridge Centre, Stornoway	6pm – 8pm
Thurs 28 Sept	Cumbræ	Garrison House	2pm – 4pm
Thurs 28 Sept	All	Online event	2pm – 4pm
Wed 11 Oct	All	Online event	7pm – 9pm
Thurs 19 Oct	Skye	Portree Community Centre	1pm – 3pm
Tues 24 Oct	All	Online event	10:30am – 12:30pm
Tues 24 Oct	Colonsay	Colonsay Village Hall	7pm – 9pm
Weds 25 Oct	Arran	Brodick Hall	6:30pm – 8:30pm
Thurs 26 Oct	Mull	An Roth Community Enterprise Centre, Craignure	11am
Weds 1 Nov	Bressay, Shetland	Bressay Public Hall	6:15pm – 8:15pm
Thurs 2 Nov	Brae, Shetland	Brae Community Hall	7pm – 9pm
Rescheduled	Stromness, Orkney	Stromness Library	TBC
Rescheduled	Westray, Orkney	Westray Community Hall	TBC

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Annex B – Islands Cost Crisis Emergency Fund

Since 2022, high rates of inflation have contributed to a cost crisis, which follows on from the Covid-19 pandemic, Brexit, and a period of prolonged austerity. Islands already experience higher costs of living. High fuel costs, a colder climate and the lack of consumer choice is further intensifying the impact of the cost crisis.

Whilst island communities can access a wide range of existing funding from the Scottish Government, the 2022/23 and 2023/24 Island Cost Crisis Emergency Funds represented an additional £1.4m and £1 investment respectively specifically for island communities. The funds were developed to specifically recognise and tackle the challenges faced by island communities.

- **Shetland Islands Council** used its allocation for a wide range of support including additional contributions to the Winter Activities Fund; doubled payments to the Scottish Welfare Fund – Crisis grants; purchase of items to keep people warm and reduce bills; further support of the Emergency Household Energy Scheme with a payment of £400 to 200 households through CAB, and emergency food provision/ breakfasts for secondary school children until the end of March which will be available to more than 1,400 pupils in its islands.
- **Orkney Islands Council** used its allocation to support Third Sector organisations with the impact of the higher electricity costs. Third sector groups are critical to supporting families and individuals through the winter and are themselves facing existential threats in the cost crisis.
- **Comhairle nan Eilean Siar** added its allocation to already identified funding to support community groups' work to assist with the current cost-of living pressures. Whilst some of this support was by way of direct payments to low-income households and those in receipt of Council Tax Reductions, Comhairle Members and community groups also highlighted other initiatives which provide valuable support within communities. This included through support for foodbanks, provision of vouchers, warm spaces for people to meet up, meals etc.
- **Argyll and Bute Council** agreed a wide range of measures including direct payments to those already identified in need, further utilisation of Shop Local cards to distribute funds to low income households on its islands (in excess of 1,000 households) which are able to be used to buy locally, and also obtain school meals and pay for ferry costs, and additional support to island foodbanks.
- **Highland Council** allocated funding to over 700 cost of living awards. It also made payments towards 1) the replacement of a community shop's storage shed, electricity connection and freezer storage to enable bulk purchasing at more competitive pricing which will be passed onto local residents; 2) replacement of a backup generator to offer continued affordable electricity; and 3) a village hall flood defence upgrade and maintenance to enable provision of warm spaces for the community.
- **North Ayrshire Council** undertook two mini-enquiries to listen directly to residents. Funding was allocated to third and voluntary sector organisations to extend/scale up/innovate in relation to ongoing activity to support access to food, energy support and transport costs, including existing breakfasts/grab bags for school pupils, and further investment in its Energy Smart and Money Matters schemes to support households with energy costs and measures.

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Funds were directly allocated to Local Authorities, through a 100% population formula as approved by the COSLA Settlement Distribution Group and COSLA Leaders. Allocations for each Local Authority were:

2022/23 Allocations

Local Authority	Resource	Capital	TOTAL
Argyll & Bute Council	£155,000	£42,000	£197,000
Highland Council	£115,000	£32,000	£147,000
Comhairle nan Eilean Siar	£283,000	£77,000	£360,000
North Ayrshire Council	£63,000	£17,000	£80,000
Orkney Islands Council	£240,000	£65,000	£305,000
Shetland Islands Council	£244,000	£67,000	£311,000
TOTAL	£1,100,000	£300,000	£1,400,000

2023/24 Allocations

Local Authority	Resource
Argyll & Bute Council	£141,000
Highland Council	£105,000
Comhairle nan Eilean Siar	£257,000
North Ayrshire Council	£57,000
Orkney Islands Council	£218,000
Shetland Islands Council	£222,000
TOTAL	£1,000,000

Local Authorities are still assessing how they wish to use the 2023/24 allocations and will report by 31 March 2024 on how the funding has been used. Early indications are that they will build on approaches and existing mechanisms already in place and used for 2022/23.

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