

CHIEF EXECUTIVE: Craig Hatton
Cunninghame House, Irvine KA12 8EE
Tel: 01294 310000
www.north-ayrshire.gov.uk



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

If telephoning please call: Chief Executive's Office ☎ (01294) 324124
Email: chief.executive@north-ayrshire.gov.uk

Your Ref: Our Ref: CH/MB/NW

18 August 2022

By email only: rural.committee@Parliament.Scot

Mr F Carson MSP
Convener
Rural Affairs, Island and Natural Environment Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Dear Mr Carson

Scottish Budget 2023-34

Following your letter dated 1 July 2022, please find below response to questions.

Committee Question: *How the competitive process, as announced by the Scottish Government in March, is working for the six local authorities with islands;*

Council Response: The Council considers that over the longer term, the funding should not be delivered via a competitive process and that direct local allocations should be calculated on the basis of need and supporting longer term objectives for a locality which may include reduction of poverty and inequality, creating fair jobs and tackling climate change.

Whilst we recognise the requirement for SG to commit and defray funds within a current financial year and support projects based on evidence of need i.e. through a competitive application process, in 2022 there were not many 'shovel ready' projects which would meet the criteria of the process and this may mean that certain areas and islands were left behind, potentially creating regional inequalities.

Further, where the applicant/fund beneficiary is the Local Authority, there is a requirement to add time to plan for the necessary Committee approvals in relation to applications for funding. Short deadlines to develop applications and deliver projects continue to put pressure on limited resources whilst we wish to ensure we maximise the opportunities for investment for our islands. We would therefore wish to see a multi-annual financial allocations approach applied rather than annual 'schemes' considered in future years and seek early sight and clarification on the proposed approach for future funding to enable Authorities to plan for and seek the necessary Committee approvals.

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The timings (for IIF) for implementing infrastructure/construction on islands is significantly limited, with the window to deliver tending to be during winter months, therefore this needs to be taken into consideration when allocating annual funding and related expenditure timescales.

Our view is that in order to create and maintain an inclusive island economy and reduce regional inequalities, funding decisions should be made on the basis of need, supporting local priorities and action and longer term objectives like the reduction of poverty and inequality, the creation of fair jobs and tackling climate change to support post-pandemic recovery, building resilience and ensure thriving island communities.

Currently the funding landscape is very cluttered, and businesses and island groups have required, and will continue to require support, to identify the most appropriate fund for a project and explore the feasibility of potential capital projects, which takes time. Some islands will have greater capacity to develop applications quickly and successfully, leaving those with reduced or no capacity, but potentially valuable project ideas not able to apply. Further, through the identification of the most appropriate funding 'pot' for the project, there is more chance of their efforts in applying being successful.

Committee Question: *Your views on the criteria used to assess and award bids;*

Council Response: Our views on the competitive process and therefore the assessment and awards process are outlined above. Council Officers have previously fed back to SG that whilst we welcome the opportunity of early sight of local applications e.g. Island Communities Fund (ICF), we do not think it is appropriate to have a role in provision of feedback, shortlisting or decision-making on applications when we did not have a role in developing the criteria for the ICF. We would request that SG considers giving regional and local partners a key role in developing and delivering the programme of interventions and related criteria for funding to ensure it is aligned to identified local evidence and need. We continue to offer support/sense-check on allocation methodology where appropriate and further engagement on schemes as required. Further, there may be a role for Local Authorities in assessing applications and/or providing input/project references/lead partner roles to ensure that there is a strategic and collaborative approach to islands investment that ensures economies of scale, added-value and avoids local duplication and capacity challenges.

Committee Question: *How this approach is different to how Islands Programme funding was previously allocated;*

Council Response:

With the recent allocation in 2022 for the Islands Infrastructure Fund (IIF), an 80% population 20% road length allocation for the IIF was recommended by the COSLA Settlement Distribution Group (SDG) and approved by COSLA leaders. Current methods of distribution of funding across the island authorities does not, on balance, provide an accurate reflection of the infrastructure requirements for the islands they serve. It does not fully reflect the local position for North Ayrshire's islands including lower permanent population levels, reliance on tourism and the visitor economy, visitor numbers and the impact of Road Equivalent Tariff and Covid-19 on the islands. Proposed methodologies based on population and the Place

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Based Investment Programme model would have provided a more balanced and proportionate allocation as summarised in the table below:

Apportionment Methodology	IIF budget %	Award Value (£)
Population Only	6%	300,000
Place Based Investment Programme	7%	350,000
80% Population 20% Road Length	5.18%	259,000

The Council would wish to be consulted early in SG's considerations for distribution options to ensure there is a fair and consistent methodology for the allocation of funds to island communities in Scotland.

Committee Question: *How island communities have contributed to the development of these bids;*

Council Response: Our North Ayrshire islands of Arran and Cumbrae remain front and centre in their contributions to the development of bids for both local and national funding. With the introduction of the Islands (Scotland) Act 2018 (the 'Act') and the National Islands Plan (NIP), North Ayrshire Council (NAC) identified an opportunity to test new ways of working across island communities and businesses, local government, Scottish Government (SG), community planning partners and Highlands and Islands Enterprise (HIE) to deliver the ambitious objectives outlined in the Act and NIP, as well as to provide national and international learning. The Council commenced an ambitious three-year Islands Recovery and Renewal Pilot in partnership with the Scottish Government and Highlands and Islands Enterprise, to support an inclusive and green economic recovery and renewal of North Ayrshire's island communities in line with their unique challenges and opportunities. The pilot project is aligned to the delivery of the National Islands Plan and Community Wealth Building (CWB) principles. A key area of focus within the pilot is working in partnership with island communities, businesses, and wider stakeholders to develop bids to local and national funding schemes including the Islands Programme, to facilitate the actions-focused delivery of 10-year island plans to maximise the potential of North Ayrshire's islands.

It is essential that the Island Plans reflected strategic synergies and support joint working approaches based on existing partnerships, ensuring complementarity, and avoiding overlap or duplication of other local and regional activities, plans, strategies and funding sources. Whilst developing the Arran and Cumbrae plans, the Council sense checked feedback previously gathered from 2019 onwards to ensure that the challenges and main concerns for each island were still relevant and remain the priorities of each island post-pandemic. We sought agreement on a set of island-specific aims, solutions-focused outputs and outcome measurements, identified short term recovery actions and medium-to-long term measures of success for both Arran and Cumbrae, aligned to the National Islands Plan, North Ayrshire Council's Community Wealth Building Strategy and the Council's Economic Recovery and Renewal Approach to build back better, fairer and greener.

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Through ongoing engagement with our island communities on Arran and Cumbrae, the following key priorities, while not exhaustive, are recurring themes:

- Economic growth, investment, and sustainability
- Reliance on seasonal tourism and the need for diversification
- Community capacity and empowerment
- Education and skills and retention of young people
- Population and depopulation
- Transport
- Recruitment and retention of employees
- Housing
- Meeting the needs of older people
- Marine planning
- Health and social care
- Energy and energy costs
- Connectivity/digital (Arran)
- “Island premium” costs
- Resilience
- Planning policy
- Preservation of heritage and cultural identity
- Protection of natural environment

To support the development of each island plan, the Council commissioned and published research from the Fraser of Allander Institute on the disproportionate economic impact of Covid-19 on the Arran economy and the Council undertook an economic profiling exercise for the Cumbrae economy. Both reports provide an outline socio-economic baseline for Arran and Cumbrae that is updated and monitored to inform an evidence-based approach to policy development and funding bids.

Committee Question: *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;*

Council Response: For our islands to be in a strong position to fully exploit investment opportunities, there must be a coordination of the Islands Programme to other capital funding and planned initiatives for islands, both at local authority and national level – our islands need to prepare not react. Funding streams must complement ongoing planned investment designed to support those living on Scotland’s islands and ensure that island communities and stakeholders are central to the decisions on how and where capital investments are made.

It is important to state that there is a need for island specific revenue funding (capacity building, project specific delivery staff etc) to improve and assist infrastructure/capital projects delivery specifically where statutory and public bodies are not eligible to apply for Island Programme streams e.g. Islands Community Fund.

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With the development of a new Ayrshire Regional Economic Strategy and review of regional governance structures, Council Officers are endeavouring to coordinate funds available to island communities in order to maximise impact and contribute towards the region's economic development aspirations, whilst at the same time making the funding process as easy as possible for community organisations to navigate. With new and complementary funding becoming available from Shared Prosperity Fund and Community-Led Local Development programmes, it is important that IIF is designed to work in tandem with these funds.

Committee Question: *How Islands Programme projects will impact population levels on the most vulnerable islands and communities.*

Council Response: The total population for the North Ayrshire islands of Arran and Cumbrae has fallen over the last few years and both islands have a higher proportion of elderly people and correspondingly lower levels of working age and young people compared to North Ayrshire and Scotland. Both islands total populations are projected to continue to fall slightly over the next ten years, and the balance between younger and older age groups continues to widen.

North Ayrshire Council is a member of the Convention of Highlands & Islands (CoHI) Working Group established to consider approaches to addressing depopulation and repopulation, topics of focus include housing, jobs, critical infrastructure, access to public services, talent attraction/retention/return through the current development of an action plan to support repopulation of rural and island communities, working with partners including Highlands and Islands Enterprise (HIE), Skills Development Scotland (SDS) and Highland and Island local authorities to test approaches using small-scale pilots that impact population levels and may be funded through Island Programme investment in future.

Our islands have benefitted from a range of Island Programme funding to date and through time it is hoped these projects will support the islands to continue to be attractive, compelling and economically viable places to remain or relocate through investment that improves, creates or safeguards locally developed and delivered projects that ultimately contribute to measurable population retention and repopulation.

Yours sincerely

Craig Hatton
Chief Executive