

26 August 2022

Finlay Carson
Convenor
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c/o Clerk to the Committee
The Scottish Parliament
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Dear Convenor

SCOTTISH BUDGET 2023/24 – THE ISLANDS PROGRAMME

Thank you for your letter of 1 July 2022 outlining the Committee’s approach to its scrutiny of the 2023/24 budget and in particular its specific focus on the Islands Programme and the financial commitments to support the implementation of the National Islands Plan. SFT is pleased to respond to your request for the following information:

1. What role does the Scottish Futures Trust have in the delivery of the £30 million (or £25.8 million) Islands Programme?

Scottish Futures Trust

Scottish Government established the Scottish Futures Trust (SFT) in 2008 to ensure high quality infrastructure underpins Scotland’s future. We focus on delivering inclusive economic growth, sustainable communities, and the effective provision of public services, ensuring our work contributes to Scotland’s sustainability and wellbeing. SFT, amongst other activity, facilitates and manages a number of Scottish Government infrastructure programmes such as hub, the Learning Estate Investment Programme, the Scottish 4G Infill Programme, National Housing Trust and EV Charging Programme. Through our skill and expertise, SFT professionally manages such activity. The Islands Programme is another example of this type of activity, whereby SFT’s support and expertise has been integral in assisting the Scottish Government Islands Team (SGIT) deliver the Island Programme.

The Islands Programme

The Infrastructure Investment Plan for Scotland stipulates that the Scottish Government will invest in delivering the National Islands Plan over the period 2021-2026. This will be delivered through the Islands Programme which will provide targeted capital funding to support projects which facilitate repopulation (encouraging population growth and stemming population decline); deliver on net zero ambitions in an inclusive way; and promotes a green economic recovery from the ongoing impacts of the COVID-19 pandemic, while aligning with national and local priorities. To support these objectives, initial funding of £30million was identified for the programme.

The Islands Programme in 2021/22 was delivered through various routes including the 2021/22 Islands Infrastructure Fund (2021/22 IIF) which was delivered as a direct allocation to the six island Local Authorities in response to the timescales available and for direct impact on Covid recovery.

The role of SFT

SFT worked with SGIT to support the delivery of the 2021/22 IIF as part of its wider Place work and Place Programmes, to determine how such activity could be developed in island settings. During early 2021, SFT was subsequently asked by SGIT in Summer 2021 to continue to work with them on the delivery of the Islands Programme for 2022/23 (2022/23 IP) and future years, and provide support, resource and expertise to help manage the then newly launched Islands Programme on behalf of Scottish Government. In order to help deliver on those objectives, SFT has utilised its expertise and capabilities to provide programme management and associated strategic advice and support SGIT in the development and delivery of the Programme, and to enable in-year funding allocation to projects

SFT has provided advice and recommendations in terms of the development of the approach, clear guidance for participation and an assurance approach to ensure the objectives of the Islands Programme are achieved. To support such delivery of the Islands Programme, SFT has a secondee from the Scottish Islands Federation as Programme Lead, who provides programme management and general delivery capability and expertise, whilst also acting as a key point of contact for partners and projects. SFT specialist support is also provided to the Programme through our Place, Housing and Economic Investment team.

Under the Islands Programme, SFT also works with stakeholder groups who have a key role in the development, delivery and oversight of the Islands Programme (and its related projects), ensuring principles such as Place, inclusion and communities are at the heart of the proposals coming forward. These stakeholders include relevant policy areas within Scottish Government (including Regeneration, Housing and Transport Scotland); the six Island Local Authorities; the Islands Strategic Group; the National Islands Plan Delivery Group; and Highlands and Islands Enterprise. Through its existing connections, SFT has helped to further strengthen relationships across Scottish Government portfolios and with public bodies and Local Authorities to build long term relationships and stewardship.

Further detail of this role and the work that has been undertaken is provided in Annex 1.

Decision making and approval throughout rests with SGIT and Scottish Ministers.

2. What is “transformational” infrastructure, as highlighted in the Scottish Government’s March announcement, and how is impact measured?

There is no formal definition of “transformational” infrastructure. The nature of transformation being targeted will vary depending on context, and therefore it is for anchor organisations and communities to determine what they consider to be transformational. For example: for a small island, which is two hours from the main island in an island group, has a declining population and only one community building, transformational infrastructure can mean making that building wind and watertight to ensure its continued use and as a stepping-stone to new use to support growth and community wellbeing. Its loss would be devastating to the community. In another location, transformational may mean a brand-new multimillion pound facility from which to deliver services

available to all islands in that Local Authority. Transformation may be about projects which deliver a net zero future, or protect communities from the impacts of climate change. In all cases, the Islands Programme seeks to fund transformational infrastructure which will encourage population retention or growth, deliver on net zero ambitions and / or support a green economic recovery.

Transformational does also not necessarily mean new infrastructure is required, and many of the 2022/23 IP applications involve repairing or restoring existing or derelict buildings for continued or extended use. This approach is in line with the Investment Hierarchy guidance provided in the Scottish Governments most recent Infrastructure Investment Plan [A National Mission with Local Impact: Infrastructure Investment Plan for Scotland 2021-22 to 2025-26](#). Many Local Authorities (with community engagement, input and support) have also chosen to put forward projects which upgrade and extend services to manage the significant impacts of increased tourism. The types of infrastructure eligible for support are wide ranging and may include what is often referred to as “soft” infrastructure such as recreational open spaces, places to play and relax, active travel routes, coastal protection, blue and green networks, cultural facilities, and iconic places.

Impact is being measured in a variety of ways and we have asked applicants to identify their own outcomes and impacts to reflect the nature of their specific project and communities’ needs, in addition to those relating to the National Islands Plan Strategic Objectives and wider Scottish Government policies.

An overview of the Islands Programme is attached as Annex 2. Applications to the 2022/23 IP were assessed on their potential impacts including (but not exclusively and where relevant) as follows:

- Increased inward investment by linked projects
- Programme collaborations
- Sustained job opportunities
- Increased opportunities to develop skills and employment
- Sustained use of local businesses
- Improved circular economy
- Increased local spend and activity
- Improved connectivity
- Reduced emissions

The intention of the design of the Islands Programme is for these impacts to lead to longer term outcomes of more demographically balanced communities, improved economic opportunities, improved physical and mental health and wellbeing, increased environmental sustainability and a green recovery. A more detailed explanation as to how these impacts were evaluated as part of the fund application process is provided in Annex 3.

3. Details of projects on Scotland’s islands which the SFT are assisting

The Cabinet Secretary for Rural Affairs and Islands has approved the Investment Panel’s recommendations for 2022/23 IP funding and the grant offer terms are currently being finalised by SGIT. 15 applications were received for £5,391,126 of funding in total and individually ranged from £72,000 to £1,500,000. 11 projects have been approved to receive 2022/23 IP funding of £4,266,831. The Local Authorities have been notified of the outcome of their applications, but

details are embargoed until the Cabinet Secretary makes her formal public announcement. Going forward, we would be happy to provide further information or provide links to such information.

The following table provides a breakdown of the geographic allocation of the 2022/23 IP funding.

Local Authority	Number of awards	Number of islands	Total value	Islands
Argyll & Bute	2	5	£350,000	Coll, Iona, Islay, Mull, Tiree
Comhairle nan Eilean Siar	2	4	£514,781	Lewis, North Uist, Berneray, Eriskay
Highland	2	2	£512,000	Eigg, Skye
North Ayrshire	2	2	£1,049,450	Arran, Cumbrae
Orkney Islands	1	16	£1,500,000	Potentially all
Shetland Islands	2	2	£340,600	Mainland Shetland, Papa Stour
Total	11	31	£4,266,831	

As can be seen, this funding is spread across 31 islands and all the six island Local Authorities. Successful applications include projects directly supporting population retention and growth, the upgrade of existing and delivery of new facilities to deliver services helping to alleviate child poverty, innovative circular economy solutions, measures to address climate change impacts, development of digital and community hubs, management of tourism impacts and the creation of new facilities, iconic heritage projects, and support for key local services.

SFT worked closely with Local Authority officials in early 2022 to help the Local Authorities meet the investment criteria set out in the 2021/22 IIF grant offer letter. Capital projects are challenging in islands particularly in the current economic climate. Three SFT personnel worked closely with officials from all six local authorities to help them meet the deadlines to commit to legally binding contracts in order to claim their allocations.

4. How does the SFT work with local authorities and island communities in helping deliver capital projects?

SFT engaged and worked closely with Local Authority officials since mid-2021 to inform the design of the 2022/23 IP. Immediately after the Cabinet Secretary's announcement of the 2022/23 IP, SFT held a series of meetings with officials from each Local Authority to provide details on the application process and to discuss any initial queries regarding the type of projects, eligible expenditure and specific elements. SFT personnel attended the March Islands Strategic Group meeting to support SG officials with information regarding the Fund and application process.

We have continued this close working relationship with Local Authority officials with regular email exchanges and meetings as necessary up to the 2022/23 IP application closing date. We continue to liaise with applicants to provide information requested by the Investment Panel, to inform SGIT and Ministers during the final approval process.

Under the terms of their grant offers, successful bids to the 2022/23 IP will be expected to report progress against stated plans and spend against profile during the project delivery lifecycle. We will continue our regular dialogue with officials and communities on progress and provide support where appropriate.

As highlighted earlier, the SFT Lead on the Islands Programme is seconded from the Scottish Islands Federation (SIF), a membership organisation of over 50 island community groups. She lives on an island and brings with her extensive experience of working with island community groups for more than 25 years. She worked with the SG Islands Team on the National Islands Plan consultation and its development in 2019 and through SIF has supported the Islands Team work directly since 2020. She brings to this role a keen awareness of island sensitivities and concerns across the many aspects of island life as well as extensive practical experience of supporting and delivering island infrastructure projects. We use that understanding and knowledge to help shape the IP and engage with key stakeholders and partners and act as support for the delivery stages of the IP (including links to wider SFT that can potentially support such activities).

Applications to the 2022/23 IP had a requirement that they be led by Local Authorities to recognise the strategic role which they play in supporting island infrastructure, communities and delivering wider SG policies, such as the Place Principle. However, the vital importance of communities is embedded and reflected in the application process. Local Authority applicants were asked to demonstrate five specific aspects of engagement, need and opportunity which reflected 35 % of the total scoring. These focussed on community involvement, partnership working, community wealth building, evidence of need and inclusivity. We are pleased to report that Community Involvement was the highest scoring element across the majority of the 2022/23 IP applications. Projects which have been recommended for funding show clear evidence that the community has been involved from the outset, the community has been consulted and indicated it considers the project important. There is evidence communities are actively participating, are regularly consulted, and updated on progress, and they will be involved or benefit once the project infrastructure is in place. This collaborative approach also means that project delivery can draw upon a wide range of expert and specialist skillsets in different organisations to achieve delivery: this includes procurement advice and support, technical expertise and access to external capability. Again, SFT will look to complement and / or support such activities, where needed, and where it can.

In addition to the IP, and as highlighted earlier, SFT is also active in, and underpins, islands infrastructure activity and its delivery through a variety of different programmes and projects. This covers a range of different sectors and infrastructure classes, all six Island Local Authorities and more information can be found in Annex 4.

5. How does Islands Programme investment work with other capital funding, e.g. the Islands Growth Deal, HIE investment, capital grants from the SG, Levelling-up funding and the Scottish National Investment Bank?

SFT seeks to ensure the co-ordination of the Islands Programme with other funded and planned initiatives in the islands, across Local Authorities and at a national level. The Islands Programme ultimately links closely with other Scottish Government policies and initiatives, including the Place Principle and Community Wealth Building: understanding this coordination also informs wider funding availability and synergy. In designing the 2022/23 IP application process, SGIT and SFT have

worked to reduce duplication of effort by participants, with the aim of aligning applications (and by extension funding), reporting requirements and timescales where possible.

A key objective of the Islands Programme is to unlock and maximise leverage of partnership, investment and cross policy funding. It works in synergy with other Scottish Government and wider partner programmes investing in our islands. Committed funding from other programmes can also indicate strong support and collaboration and, to a large extent, development of proposals. As a fund with a wide range of criteria all linked to the National Islands Plan, and being focussed on important outcomes, the Islands Programme will also consider an ask to fund an application in its entirety. In this instance, consideration is ultimately given to how a project aligns with community and wider policy aims, the investment in Place, and the resultant outcomes, and not necessarily if that specific item was match funded.

Applicants were asked in the 2022/23 IP application form to identify other funding applications or awards directly relating to their application. Many identified other funding offers or potential sources for later development stages. Several of the 2022/23 IP applications indicated that they were requesting funding as a stepping-stone/enabler to release confirmed funding from other sources or to move to the next stage of development eligible for other funding. Many of the applications also included matching support from wider Scottish and UK Government (e.g. the Regeneration Capital Grant Fund, the Islands Growth Deal and Levelling Up Funding), Local Authority investment, crowd funding, local fund raising, the National Lottery and community trust investment, amongst others.

A more detailed description of the other relevant funds and their interaction with the Island Programme is provided in Annex 5.

Conclusion

SFT, building upon its capabilities and skills (as well as its wider programmes and experience), has worked closely with SGIT, the six island Local Authorities and across Scottish Government to support delivery of the Islands Programme. The support provided has been welcomed by the Islands Team and local government officials and we will continue to work with unsuccessful applicants to improve future bids. We are pleased to continue our support during the planning and delivery of the funded projects and are delighted to see the initial investments starting to deliver the objectives set out in the National Islands Plan.

We would be pleased to answer any follow up questions which are prompted by the information provided.

Yours sincerely,



TONY ROSE

Director Strategy, Place & Economy

DETAILED SCOPE OF SFT'S ISLANDS PROGRAMME ACTIVITIES

ANNEX 1

The detailed scope of SFT's activities for the 2022/23 Islands Programme (2022/23 IP) reflects the following elements:

1. Fund Design
2. Fund Delivery and Support
3. Assurance and Monitoring

Fund design: this activity has focussed on setting out the purpose and scope of the 2022/23 IP and assisting in the establishment of the governance, processes and alignment of the fund with the National Islands Plan and other key national investment programmes and priorities (such as the Place Framework, 20 Minute Neighbourhoods, sustainability, net zero, etc) to maximise the opportunity of integrated investment.

Prior to the 2022/23 IP, SFT worked with SGIT to support the 2021/22 Islands Infrastructure Fund (21/22 IIF: one of the routes through which the Islands Programme in 2021/22 was delivered). The 21/22 IIF was delivered as a direct allocation to the six island Local Authorities in response to the timescales available and for direct impact on Covid recovery. Building on experiences from the first year and feedback from stakeholders, SFT continued to work with SGIT on the delivery of the 2022/23 IP, identifying appropriate mechanisms to allocate and distribute funding efficiently and promptly, drawing upon existing and exemplar mechanisms across Scottish Government. SFT has used its experience and knowledge of other programmes which it supports(ed) and is involved in, including the Regeneration Capital Grant Fund, the Clyde Mission Fund, Green Growth Accelerator, and the Low Carbon Infrastructure Transition Programme, amongst others, to design and deliver a robust framework and approach to delivery. The Cabinet Secretary for Rural Affairs and Islands approved a competitive bid model to deliver the 2022/23 IP.

Clear guidance for participation, application materials and FAQs have been produced by SFT for SGIT and provided to potential applicants to support the operations of the programme.

Fund delivery and support: this stage of activity focussed on setting out an approach to identifying and supporting 'shovel worthy' and 'shovel ready' projects through a community focussed competitive bid fund for the delivery of infrastructure (as part of joined up and Place based delivery to maximise impacts).

The SFT Lead supported officials from the six Local Authority applicants during the application process: providing additional information on the eligibility criteria, direction on the level of content and relevance, highlighting areas of potential concern or conflict, and ensuring technical compliance.

SFT hosted the submission of the 2022/23 IP applications and undertook the initial compliance assessments. SFT worked with SGIT to design the appraisal process including the 2022/23 appraisal guidance and scoring criteria materials for the Investment Panel. We hosted the submission of the 2022/23 IP applications and undertook the initial compliance assessments. We provided the secretariat and supporting papers for the Investment Panel deliberations and recommendations in late June. Grant awards will be made by SGIT direct to the successful applicants and expenditure must be legally committed by 31 March 2023.

The successful projects will also be supported by networking and peer to peer learning. SFT is currently designing support for this and will invite successful applicants to come together in the Autumn to discuss common challenges, solutions, and collaboration potential. This will help to connect people and sources of help and will increase the value of the funding by seeking to reduce known problems, adopt methods and channels which work, and by collaboration where possible, maximise buying power and momentum. Practical advice through project toolkits which SFT has developed will also be available.

Support and feedback will also be provided to unsuccessful 2022/23 IP applicants, and this will include how and if any unsuccessful bids can be supported to come forward to a following year. Feedback has been provided by the Investment Panel and will be relayed once funding decisions are announced. This may include the suitability of other funding programmes or adjustments to elements of the applications for future years.

Assurance and monitoring: SFT is advising SGIT on an assurance approach to realise the objectives of the National Islands Plan, ensuring long term sustainability of the investment.

SFT has worked with SGIT to ensure the reporting of the 2021/22 IIF and 2022/23 IP investment provides an overview in the context of the progress of the Islands Programme as a whole. This ensures consistency and aligns with reporting for the Islands Programme for each year and will enable Scottish Government to monitor how each year's funds fit together and connect within the overall intentions of the Islands Programme. It will also give a sense of the wider achievements and outcomes achieved across the IP and other programmes.

We update SGIT regularly on progress. This includes analysis of overarching trends of potential and successful island infrastructure projects which have been identified during the application processes. This has helped Scottish Government identify potential areas (geographical or in infrastructure developments) which could align with future or other programmes to deliver the National Islands Plan Strategic Objectives.

SFT will support and monitor spend by the 2022/23 IP successful applicants during the year and report to SGIT on project outcomes during and post completion. Reporting templates have been created for assurance and evaluation and we work with SGIT to establish key indicators and outputs relevant to the delivery of the National Islands Plan and relevant policy areas. These include interim reports during the project delivery stage, a final delivery report and an end of project report one year after formal completion or issue of a building warrant for example. We have worked with other SG policy areas and Local Authority officers to align reporting requirements to other programme requirements, which also gives respondents consistency and confidence in completing such reports.

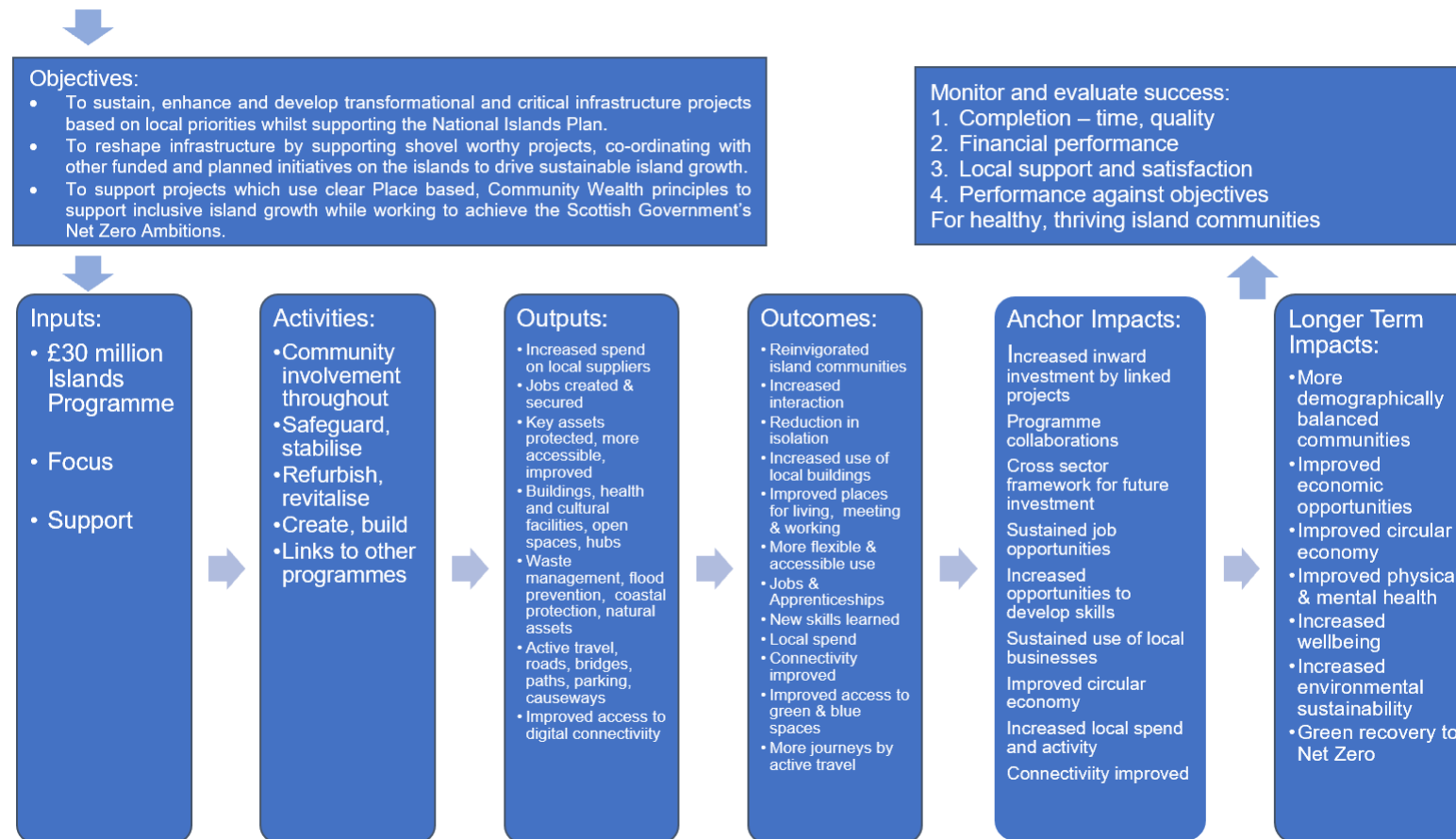
The SFT Lead and colleagues continue to monitor the 2021/22 IIF funded projects to identify if further points of support are needed and to ensure projects are following the grant criteria.

SFT and SGIT will use learning from the 2021/22 IIF and 2022/23 IP to inform future Islands Programme funding activity. It is proposed that a review of the previous allocation and competitive processes is undertaken later this year, in conjunction with SGIT and other stakeholders such as the Islands Strategic Group, to learn lessons and refine the Islands Programme approach going forward. This will consider whether any key criteria have changed, need to be altered and whether any underpinning process materials should be refined or changed.

Building on the 2022/23 IP work, a pipeline of proposed island infrastructure projects is also under development in collaboration with SFT colleagues, with feedback and input from SGIT, Local

Authority regeneration officers and HIE. This will establish a robust and consistent process to baseline infrastructure developments in island communities and inform planning and decision making at local level and at national programme level. It will help to deliver local place-based knowledge and inform future funding bids, SG portfolios, supply chain and delivery organisations while helping communities and decision makers to invest resources in places and in ways which will deliver high impact, coordinated returns.

Islands Programme – Supporting the National Islands Plan



End of year and project evaluation forms for the 2022/23 IP projects will build on the information requested for the 2021/22 IIF. Reporting forms will monitor local support and satisfaction and performance against objectives as well as monitoring the financial performance, timescales, and quality of the development, delivery and the completion of projects.

As highlighted above, 2022/23 IP applicants were asked to identify potential outputs and expected outcomes from their projects. A wide list of potential outputs was provided as examples, including carbon reduction measures and number of new jobs created or supported. However, as all communities have their own varying needs and aspirations, applicants were asked to add additional outputs related to their project. This allows communities and applicants to identify what is crucial to them whilst aligning with Islands Programme objectives. Applicants were asked to provide further information on the indicators chosen and target figures provided. Further details were requested of how and what information will be collected to demonstrate progress towards the outcomes the applicants identified.

Applications were scored on the robustness and relevance of these responses, with up to 40% of an application's total potential score allocated to clear outcomes contributing to delivering the National Islands Plan (and in turn for their communities). The applications were not scored on the number of outcomes listed but on the strength and relevance of those outcomes: the proportionality of outcomes needs to be considered in relation to the size and nature of the project and its geography.

In addition to direct impacts, applicants were asked to detail how the delivery of the project would use clear Community Wealth Building principles to support inclusive growth. Responses included details of how value would be retained in the communities impacted by the project. Examples included planned asset transfers to demonstrate inclusive ownership, local procurement, local employment opportunities, repurposing existing underused or vacant assets and delivering an economic stimulus to help local social and economic recovery from the impact of Covid-19.

Quantitative and qualitative information in relation to planned outputs and impacts detailed in their applications will be recorded by the projects awarded 2022/23 IP funding and will be monitored by SFT going forward. For example, where relevant, some projects will use Best Value and Social Value measures as per Development Trust Association Scotland guidelines. Data may also be collected by applicants on footfall, usage, volunteer hours/profiles and user profiles and this would provide comprehensive and accurate reporting against targets. This type of information will be used to evaluate progress against objectives and how best the applicant and project leaders can improve programme management. For larger projects, applicants may produce a social impact report which will inform the direct positive contribution that can be made to the local community and signpost any remedial changes necessary.

Monitoring and evaluating the outcomes of the IP conversely allows SFT and SGIT to consider the impact of infrastructure on concepts such as inclusive growth. These links need to be further understood and measured. Ultimately, this allows us to consider the impact of different types of infrastructure in different locations, and indeed how the impacts from our investment can be maximised in the future.

SFT – ISLANDS INFRASTRUCTURE ACTIVITY

ANNEX 4

Wider SFT Islands Activity

As highlighted in the main part of our response, SFT’s wider activity (and collaboration) can be seen across Scotland’s islands. This diverse activity covers a number of different locations, sectors and asset classes, with the intention of improving and enhancing the lives of those on islands and the quality of the infrastructure which underpins this. The following provides an overview of some of these and more detail can be provided if interested.

Education and Early Learning

Our Learning Estate Team is helping to deliver the Early Learning Centre (ELC) 1140 hours Expansion Programme, which includes 49 projects across the islands. This is a c.£20m investment in the islands to facilitate the expansion of early learning and childcare provision. The ELC projects are enormously varied in scope and scale and range from £5k minor refurbishment projects to c.£3-4m extension projects across the islands. The island projects can be summarised as follows:

Local Authority	Total	Complete	In Construction	In Development
Argyll and Bute (Islands Only)	5 Projects £1.8m Value	£5 Projects £1.8m Value	n/a	n/a
Eilean Siar	3 Projects £4.0m Value	3 Projects £4.0m Value	n/a	n/a
North Ayrshire (Islands Only)	6 Projects £0.3m Value	2 Projects £0.1m Value	1 Project £0.1m Value	3 Projects £0.1m Value
Orkney Islands	13 Projects £6.8m Value	12 Projects £2.5m Value	1 Project £4.3m Value	n/a
Shetland Islands	17 Projects £3.6m Value	17 Projects £3.6m Value	n/a	n/a
Highland (Islands Only)	5 Projects £3.2m Value	5 Projects £3.2m Value	n/a	n/a
Total Islands Based Investment	49 Projects £19.7m Value	44 Projects £15.2m Value	2 Projects £4.4m Value	3 Projects £0.1m Value

SFT is also the programme manager for the Learning Estate Investment Programme (LEIP), which is currently supporting the Barra and Vatersay Community Campus project in Eilean Siar. SFT also partnered the Scotland’s Schools for the Future programme, working with projects across Shetland, Orkney and Comhairle nan Eilean Siar.

Scottish 4G Infill Programme

SFT in partnership with WHP Telecoms Ltd is delivering the Scottish Government's Scottish 4G Infill Programme, a £28.75 million initiative delivering 4G infrastructure and services across remote and rural areas. Under the programme, 18 mobile "notspot" sites in our islands are now currently live, in construction, at the pre-build stage or in negotiation.

Related Case Study: https://outcomes.scottishfuturestrust.org.uk/wp-content/uploads/2021/09/04_Digital-Infill.pdf

Hub North

SFT manage the Scotland-wide hub Programme bringing the public and private sectors together with the aim of delivering improved public services from high-quality community buildings. This includes hub North which covers the islands (along with the Grampian, Highland and Argyll areas). SFT supports an efficient and sustainable programme of procurement of community-based projects to develop readily accessible and sustainable facilities and services. As part of this, SFT has recently undertaken the following:

- Developing business cases for Learning Estate Investment Programme Phase 3 for 6 projects for Orkney Islands Council, Shetland Islands Council and Argyll & Bute Council
- Working with Comhairle nan Eilean Siar, NHS Western Isles, Police Scotland and Hebridean Housing Partnership to deliver the Barra and Community Campus
- Involved in the construction and hand over the new Skye Community Hospital
- Carrying out the pan Shetland place-based review, the Rothesay place based review, and the Orkney LEIP3 place based reviews
- Supporting the Energy Transition Advisory Group looking at Local Heat and Energy Efficiency Strategy and Net Zero Route Maps across north of the Scotland

Asset Strategy

For nearly ten years, SFT's Asset Strategy team has been working with the public sector to help them look differently at how they use and occupy buildings to deliver the services that are required. This new thinking is leading to securing wider economic and social benefits as resources are used more efficiently, money is saved and the buildings operated by the public sector help facilitate improved public service delivery.

Reflecting on an upcoming lease expiry on Highlands and Islands Enterprise's (HIE) office in Portree on Skye, the public body has been leading on a wider engagement exercise around future public sector and local community needs in Portree. SFT has been supporting HIE with the early-stage planning of the project.

Related Case Study: https://outcomes.scottishfuturestrust.org.uk/wp-content/uploads/2021/09/08_Portree.pdf

Net Zero

The focus of our Net Zero Buildings team is to work with partners on the decarbonisation of the built environment. This work is underpinned by [Scottish Government's Heat in Buildings Strategy](#), which is a key driver for both decarbonising heat and ensuring our buildings use less energy. Working

towards that goal, we seek to create an environment where Scotland can attract the scale of investment that is needed from the private sector whilst the public sector shows leadership and demonstrates, through its own estate, what can be achieved. In doing so, we believe it is important it creates green jobs, improves the environment, and supports increased wellbeing.

A good example of this on Fair Isle. The Low Carbon Infrastructure Transition Programme (LCITP) was established to accelerate the development and delivery of substantive low-carbon energy projects across Scotland. It is led by Scottish Government, and SFT is a key delivery partner along with Scottish Enterprise, HIE, and sector specialists with support from European Structural and Investment Funds. Under LCITP, a £3.5m project, led by Fair Isle Electricity Company (FIEC), secured £1.5m funding from LCITP and £250,000 from Highlands and Islands Enterprise. The new renewable electricity system went live on Fair Isle in October 2018, which combines three wind turbine generators, a ground-mounted solar photovoltaic system and battery storage. This is a community project which has brought round-the-clock power to one of the Scotland's remotest locations.

Related Case Study: https://outcomes.scottishfuturestrust.org.uk/wp-content/uploads/2020/09/10_LowCarbon.pdf

Islands Growth Deal

The Islands Growth deal has identified three themes for investment with 17 specific strands across Shetland Islands Council, Orkney Islands Council and Comhairle nan Eilean Siar. One project put forward for 2022/23 IP funding is included in the Supporting Growth and Future Industries strand of the Islands Growth Deal.

HIE

As the economic and community development agency for all the islands, HIE funds and supports many of the communities and projects across the islands which the Islands Programme also support. HIE's primary focus is on economic development. The Islands Programme is able to support a wider range of projects across the National Islands Plan's 13 Strategic Objectives, including health, environmental wellbeing, education and arts, culture and language. SFT provide wider support and scrutiny to a more diverse range of investments. Three of the 2022/23 IP applications had secured or were awaiting HIE awards for current or later stages of development.

SG Capital Grants

The 2022/23 IP was developed in such a way to minimise additional work for Local Authority officials who are faced with numerous application processes and deadlines. SFT worked closely with the SG Regeneration team on the development of the 2022/23 IP, and the application form and processes are closely aligned to the Regeneration Capital Grant Fund (RCGF) which is a well-established method of delivering a competitive bid programme. The SG Regeneration Lead is a member of the Island Programme Investment Panel. Two of the 2022/23 applications had also secured RCGF funding for earlier stages of their projects.

2022/23 IP applicants had also secured capital funding for their projects from Historic Environment Scotland, the Place Based Investment Fund, Rural and Islands Tourism Fund, and the Natural and Cultural Heritage Fund. Six of the 15 application projects are being part funded by the Crown Estates Scotland Coastal Communities Fund.

SFT also works with SGIT across policy areas to ensure there is no duplication of funding or to avoid conflict of delivery. Details of other grant offers were confirmed with relevant divisions.

Levelling Up Funding

Scottish islands have received relatively limited investment to date from UK Government Levelling Up Funding and the Community Renewal Fund.

No Scottish Islands received funding under the first round of the Levelling Up Fund. The submission portal for the second round of the Levelling Up Fund closed on 2 August. One 2022/23 IP application (successful) highlighted the role the 2022/23 IP funding would have in establishing details required to allow the project to move to the next stage and eligibility for a LUF second round application. The investment panel considered this in its deliberations.

No Scottish Islands received funding under round 1 of the Community Ownership Fund and no details were given by 2022/23 IP applicants of applications to the COF round 2.

The Local Authorities are completing their investment plans for the Shared Prosperity Fund and details were not available at the time of this response, nor again included in any 2022/23 IP application.

Scottish National Investment Bank

The Bank has funded a total of 19 projects as at July 2022 (total investment just under £250m) with one direct island investment - £4m invested in Orbital Power in Orkney. The nature of the Islands Programme projects, delivered by public and/or third sector bodies, is such that they do not naturally fall into The Bank’s sphere of finance – they are essentially looking for grant funding to progress. None of the 15 2022/23 IP applications referenced an application to The Bank. However we will continue to identify and highlight opportunities to introduce the Bank as appropriate.

Based upon the above, the following provides a breakdown of the other funding sources proposed in support of the 2021/22 IIF and 2022/23 IP applications.

	Earlier Stage Secured	Current Stage secured or applied	Later Stage secured or to apply
2021/22 IIF (38 projects* by LA direct allocation)			
Islands Growth Deal		2 linked to 2 IGD projects	
HIE	1	2	1
RCGF	3	2	1
Coastal Communities Fund		1	
Other			
2022/23 IP (15 applications*)			
Islands Growth Deal			1
HIE	1	1	1
RCGF	2		
Coastal Communities Fund	3	3	
Other	3	1	1
Levelling Up			1

*Projects and applications may have applied to more than one fund.