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Scottish Parliament
Edinburgh
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26 July 2022

Dear Finlay,

Islands (Scotland) Act 2018 – Annual Report

My thanks for your letter (sent by e-mail) on 17 May 2022, summarising the points which I committed to addressing in writing following the RAINE Committee's consideration of the Islands (Scotland) Act 2018 Annual Report on 4 May 2022. Please see below my responses to these points, which I hope you find to be helpful.

Connectivity

- **The reasons for excluding the Northern Isles from the Islands Connectivity Plan.**
 - On the contrary, the overall ICP strategy will identify all ferry services in Scotland. Respecting delivery responsibilities this will then allow the relevant operators of any given ferry services to develop their own delivery plans in light of the overall strategy. In this regard the Scottish Government will, alongside the drafting of the ICP strategy itself, develop a number of delivery plans for the Clyde and Hebrides Ferry Services and Northern Isles Ferry Service (serving Orkney and Shetland) and the Caledonian Maritime Assets Limited fleet for which it is responsible.
- **What the Scottish Government is doing to provide island communities with the ferry services they need?**
 - Since 2007 this Government has invested over £2bn in the Clyde & Hebrides Ferry Service, the Northern Isles Ferry Service and ferry infrastructure. Transport Scotland and CMAL continue to work closely together to help address the challenges facing our ferry network. We recognise the key role that ferry services play in supporting the economic, social and cultural development of island and remote mainland communities.

We have long acknowledged the need to address delays in ferry infrastructure, which is why we have committed to investing a further £580m in the Infrastructure Investment Plan.

- **The balance of support that has come from the UK and Scottish Governments towards achieving broadband connectivity across Scotland.**
 - Scottish public sector bodies and agencies contributed a total of £164.9 million to the two contracts that comprised the Digital Scotland Superfast Broadband (DSSB) programme – consisting of £62.8 million from the Scottish Government, £11.4 million from Highlands and Islands Enterprise, £50.7 million from individual council contributions and £40 million from collective council contributions.
 - The UK Government contributed £100.8 million across the two contracts, with the remaining funding being provided by BT (£126.1 million) and the European Union (£20.5 million). The Scottish Government is also investing £579 million of its own funding in the three Reaching 100% contracts, with the UK Government's contribution to date totalling £33.5 million.

- **What additional support the Scottish Government plans to provide to local authorities to deliver publicly-run bus services?**
 - The Transport (Scotland) Act 2019 provides an enhanced suite of options for local transport authorities to improve bus services according to their local needs. Local transport authorities asked for flexible options so they can put in place what works in their area and the Act provides these. It provides viable options for partnership working and franchising, replacing under-used powers in the Transport (Scotland) Act 2001. It also provides wider powers for local transport authorities to run their own buses, which sit alongside their existing ability to subsidise services. Our approach enables Local Transport Authorities to determine what is best for their local areas. Local Transport Authorities currently have the ability to set fares on services which they subsidise. The Partnership and Franchising powers in the Act allow Local Transport Authorities to gain greater control over fares in their area, but that would be a matter for the relevant Local Transport Authority.
 - We are also introducing a Community Bus Fund to support local transport authorities to explore the options in the Transport Act, and to improve public transport in their areas. The Fund will enable local transport authorities to explore the full range of options set out in the 2019 Act, including local authority-run bus services. We have allocated £1m in the Scottish Budget for development of the Community Bus Fund in 2022-23. The recent Resource Spending Review allocated £46m to the CBF for the remainder of this parliament, with a further £30m allocated in the Capital Spending Review. There are a variety of ways in which a Fund might be used and we will work with partners on the design of the Community Bus Fund. In administering the fund, we and local transport authorities will need to observe competition, procurement, and subsidy control rules. The Community Bus Fund complements our broader package of long-term investment in bus, including through support for bus services, concessionary schemes for bus users and over £500m for bus priority infrastructure.

Crofting

- **The funding the Scottish Government has provided to crofters through the Croft House Grant Scheme.**
 - The Scottish Government has a track record of investing to improve croft housing. Since 2007, we have approved over £23.6m in Croft House Grant (CHG) payments, helping to build and improve over 1085 croft homes.
 - The Croft House Grant is demand led, and no scheme application has ever been refused due to a lack of budget. In the 2021/22 financial year, 39 Croft House Grant applications were approved over the four tranches with a total grant award of £1,080,609. Of these, 32 were from island areas, 82%, with a total grant of £895,936.

Workforce Dispersal

- **Relevant trade union involvement in the development of the Scottish Government workforce dispersal working group.**
 - The Scottish Government (SG) employs staff across Scotland, and has a wide range of work locations throughout the country. We are presently trialling a hybrid working model across SG as a means of testing different ways of working and this includes remote working. The hybrid model enables government colleagues to work from various locations across Scotland - including our islands, which will inform a future policy position in the longer term. Given that a workforce dispersal policy position has not yet been developed, adopted or presented to Ministers for consideration, the trade unions have not been specifically engaged on that. However, the trade unions have been fully involved in developing the approach to our hybrid working trial. Any future policy adjustments that affect how core Scottish Government staff might work in the future, whether this applies to those who would normally be based in core Scottish Government buildings or otherwise, would be informed by a broad consultation exercise. This would include engagement in partnership with the Council for Scottish Government Unions, Divisional Directors and Scottish Ministers - to help inform the Executive Team as they set the organisational course for the future.

Island Communities Impact Assessments

- **How many impact assessments have been carried out in relation to changes in health provision on the islands in the last year?**
 - Island Communities Impact Assessments (ICIAs) are completed by both the Scottish Government and a list of another 70 relevant authorities. Committee members can find ICIAs completed by the Scottish Government on the publications section of the Scottish Government website alongside other impact assessments.
 - Relevant Authorities must publish their completed ICIAs on their own website and are responsible for their own reporting requirements as outlined in the Islands (Scotland) Act 2018. Given there are a number of relevant authorities that will have involvement in health provision on the islands that would not report directly to Scottish Government, unfortunately I cannot give the Committee a definitive number. However, the Islands Team offer support to all relevant authorities and have worked with health colleagues on the development of the National Care Service ICIA.

- **More generally, confirmation that Island Impact Assessments are being carried out as required by the 2018 Act.**
 - I am determined that the ICIA process is not a ‘tick box’ exercise, and I want to ensure that we all carefully consider the particular challenges of our islands when developing and implementing new policies. In fact, that is exactly the point of an ICIA and the Scottish Government takes seriously its obligation to complete impact assessments as well as supporting other relevant authorities with the process. My islands officials are happy to engage with any relevant authority to support them with the process of completing an ICIA. There is a requirement for relevant authorities to report on how they have complied with their duties to complete these assessments under the Islands Act. Where a relevant authority fails to complete an ICIA or publish its decision not to do so, there are specific measures in place to allow applicants to challenge.

Housing

- **What recent assessment has the Scottish Government made of private rent levels on the islands and how these levels compare with the national average?**
 - The Scottish Government publishes annually [Private Sector Rent Statistics](#), this presents statistics on average private sector rent levels in Scotland by Broad Rental Market Area and size of property. This contains figures for the Highland and Islands and Argyll and Bute BRMA areas. These statistics are used to help monitor rents across Scotland and form the basis for the setting of Local Housing Allowance.
- **What work has there been done to explore whether a rent freeze could be implemented on the islands?**
 - We are aware of the significant pressures which private renters are facing, which is why our commitment to introducing rent controls is so important. Rent control can take different forms and we are doing the detailed work to ensure we implement an effective system of rent controls that is right for Scotland, including our island communities, which is robust against challenge and stands the test of time. Linked to this, we have also committed to develop a shared understanding of housing affordability which is fit for the future and takes account of the real costs of housing. We are aware of calls for the implementation of an emergency rent freeze, however, it is likely that hastily introduced restrictions would not be robust against challenge and would fail to provide the real benefit to tenants that we are committed to delivering. Our recent New Deal for Tenants Draft Strategy consultation makes clear our aim for all tenants, whether living in private or social rented homes, to access secure, stable, tenancies, with affordable choices. Tenants can currently challenge a rent increase if they consider it is unfair, but we have committed to strengthening this right by ensuring that anyone who believes that their rent increase is unfair can apply for adjudication without fear of their rent being put up. Social Landlords are independent not for profit bodies and keeping rents affordable is a principal objective of all social landlords. They make their own decisions on the balance between rent levels and investment in homes making use of reserves, based on their legal requirement to consult tenants, and strike the best balance between rent levels and meeting the housing needs of local communities. It is right that social landlords should be mindful of the extra pressures their tenants are facing,

whilst supporting investment in their homes including on energy efficiency measures that help to address the cost of living crisis. The Social Housing Charter requires landlords to take account of what current and prospective tenants are likely to be able to afford and the Scottish Housing Regulator monitors rent levels and rent affordability. We are considering how to build on the strong work already put in place around rent setting in the social rented sector as part of the rented sector strategy.

- **The Committee also notes the commitment made by the Scottish Government officials to report back on how the issue of affordable housing will be reflected in the next iteration of the islands survey.**
 - There may be additional themes that we wish to reflect in the next iteration of the Islands Survey, for example to explore how communities engage in housing and planning processes and if they are engaged in any community-led housing. My officials will continue to explore this possibility before the next Islands Survey is issued.

Energy

- **What work the Scottish Government is doing to support island communities develop renewable energy schemes like those used on the island of Eigg?**
 - The Scottish Government is committed to supporting the growth of community and local energy in Scotland through mechanisms such as its flagship Community and Renewable Energy Scheme (CARES). The scheme delivered by Local Energy Scotland, supports communities to engage, participate and benefit from the energy transition to net zero. CARES provides a package of support for Scotland's more remote and rural off grid communities to upgrade their energy systems making them more resilient and sustainable in the future to help them decarbonise their energy supplies. £3 million is being made available to develop projects in 2022/23.

I hope that the information contained in this letter is helpful and I look forward to updating the committee on the progress we are making on delivery of the National Islands Plan in due course.

Yours sincerely,



MAIRI GOUGEON