

## Convention of the Highlands and Island- 4 March 2019 – Orkney

### Present:

David	Alston	NHS Orkney
David	Anderson	Scottish Government
Gavin	Barr	Orkney Council
Joe	Brown	Scottish Government
Amanda	Bryan	SCF
Carroll	Buxton	HIE
Morven	Cameron	HIE
Angus	Campbell	SNH
Mike	Cantlay	SFC
Gary	Coutts	UHI
Steven	Coutts	Shetland Islands Council
Heather	Cowan	Scottish Government
Lorne	Crerar	Highlands & Islands Enterprise
Margaret	Davidson	Highland Council
Fergus	Ewing	Cab Sec for Rural Economy & Connectivity
Kate	Forbes	Minister for Public Finance & Digital Economy
Alex	Gallagher	North Ayrshire Council
Edward	Abbott-Halpin	Orkney College UHI
Steve	Hagan	VisitScotland
Ian	Kinniburgh	NHS Orkney
Graham	Leadbitter	Moray Council
Roddie	Mackay	Western Isles Council
Rod	MacKenzie	Crofting Commission
Mary	McAllan	Scottish Government
Roddy	McCuish	Argyll and Bute Council
Xander	McDade	Cairngorms NPA
Donna	Manson	Highland Council
Frank	Mitchell	Skills Development Scotland
Neville	Prentice	Skills Development Scotland
Gary	Robinson	NHS Shetland
James	Stockan	Orkney Islands Council
John	Swinney	DFM & Cab Sec Education & Skills
Paul	Wheelhouse	Minister for Energy, Connectivity & the Islands
Chris	Wilcock	Scottish Government

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Good morning colleagues. Can I extend a very warm welcome to you all to the spring meeting of the Convention of the Highlands and Islands here in Kirkwall. Can I express my thanks to Orkney Islands Council for hosting our visit today and for making sure that it can reasonably be classed as a Spring meeting of the Convention. Which I think it certainly passes that test.

Can I begin by inviting James Stockan - the Leader of Orkney Islands Council – to say a few words of welcome. James. I should say before we go any further that there's a button in the centre of the microphones that everyone should use for when they're wishing to speak. James.

**James Stockan (Orkney Council):**

Thank you very much indeed Deputy First Minister. We are delighted to have you all here. First the housekeeping. We are not expecting any fire alarms today but as you know - if you hear anything it's time to evacuate the building. There are two exits - one at each end of this room, which take you to outside and we would congregate there. Normally we would have life jackets under the seat but in these straightened times and ferry budgets being tight they are not available today.

Welcome to Orkney. Somebody said recently - or statistical evidence said - this is the best place to live in Britain. Quite an accolade, but I think you've got to dig deep in to that when you look at statistics and their relationship to lies.

When you look at some of the things that are counted in that. Number of pupils to teachers, number of the services that we run - the cost of housing against wages. All the criteria that we have there, Orkney scores particularly well - low crime - we can't do anything [other]. We want to keep those badges and I know that the Western Isles and Shetland are not far behind.

We like to trumpet that in certain places because that gives us a chance to get population here which is a real challenge. But the other side of that is it's the things that are not counted. When we think about connectivity. Orkney's the poorest place in the United Kingdom for broadband. It is the most expensive place to go on a ferry. It has the poorest service with ferries. Just recently the statistics on fuel poverty say that we are the poorest place in the country for that also. So, bearing these things in mind, I'm really delighted we're here at CoHI because CoHI gives us an opportunity to get in to these - what I would call wicked problems for us in the Highlands and Islands. When we all come around the table, all the agencies - to try and solve some of these challenging things that we have. I'm delighted the Government are here to hear. That the agencies that deliver and work together, we're all here to see what we can do to support each other so that the Highlands and Islands can thrive and can work. So, don't hold back today with your comments because we want to make sure that we get the very best results out of the things we do. So, thank you very much.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thank you very much James. I think all of the comments - the points and the issues that you raise in your contribution are the sum and substance of the agenda and the approach that we take at the Convention of the Highlands and Islands where we have an open discourse about how we collectively address the challenges that we face in our times.

I think it's really important in the context of these discussions that we take in to account the many strengths and advantages that individual communities have, and which are represented around the table here. Certainly, I'm very struck by the enormous international attention that has been placed on the leadership that's been given to the renewables sector here in the Orkney Islands.

I was just looking at some fresh material in that respect the other day demonstrating the colossal leadership that this community has given to the development of wave and tidal energy. As a consequence of that, attracted very significant international reputation as a consequence.

So - and these issues of course have been fundamental over time to the agenda of the Convention of the Highlands and Islands where we've reflected on how we could - in partnership - make more of the significant opportunities that exist here. It's that question of recognising the collective partnership arrangements that are necessary to advance many of these questions and no doubt we will talk about some of those in the course of our discussions today.

Thank you, James for your welcome and can I express my thanks to your staff who've been of assistance to the Government's officials in arranging the Convention of the Highlands and Islands. We have three substantive agenda items today. The National Transport Strategy Review, the Strategic Transport Projects Review and the Convention Transportation Issues. Secondly, we've got a discussion on Maximising the Marine Economy of the Highlands and Islands and lastly no gathering would be complete without a discussion of the Impact of Brexit and the Strategic Priorities for the Highlands and Islands, including the Shared Prosperity Fund from 2021.

In the course of the day, four ministers from the Government will be here. Fergus Ewing is in Orkney just now and is at another engagement and will join us very shortly. Kate Forbes will join us later on today and Paul Wheelhouse the Minister for the Islands Energy and Transportation is with me this morning and will lead the first discussion. So we've got a busy agenda and we'll stick as close to time as we possibly can do. There'll be a break at 10:30 and one at 12:15 and that will take place downstairs.

In terms of the outcome tracker from the meeting - two things about the last meeting in Elgin. The first is that we have a full transcript of the proceedings which is always alarming when you read back what you've actually said in full technicality. But some of us are perhaps slightly more considered in what we say when we know there's an official report being done in parliament.

But now that I know there's an official report being done at the Convention of the Highlands and Islands, I might be slightly more circumspect about what I say. But nonetheless I'm deeply grateful for that verbatim account of all that was said. So, I'll just give you that little bit of professional warning to you all this morning that you never know when it might crop up again on Google. The second observation is that there is an outcomes paper from the Convention which took place in October 2018 in Elgin. I don't propose to go through all of the items, but I do want to talk about three particular elements of the outcome tracker and I'm very happy to take any comments that any colleagues want to raise.

The first is in relation to the potential future projects which I want to see us maintaining as a very substantive part of the agenda of CoHI. Because I think it gives us an opportunity to focus in a very practical and tangible way on how we can ensure that particular objectives and priorities can be pursued as a result of combined action by all of the players around the table. So, we're in the early stages of some of the work here. But I look to Highlands and Islands Enterprise very acutely for the attention they can provide on how we advance some of these projects and bringing partners together to make sure that is successful.

The second point I wanted to reflect on is the question of talent attraction because this is becoming an ever more significant strategic issue for all of us. It relates very clearly to the wider discussion around about Brexit and about migration. The advice that the Government received last week from the Migration Committee that looked at these issues on behalf of ministers, created a very disturbing picture. Well it didn't create - it confirmed a very disturbing set of predictions about the future of the Scottish economy and quite literally the physical availability of people to actually do all that needs to be done within our society. That will be felt most acutely in Scotland within the Highlands and Islands.

Now obviously there's a much wider political and societal debate around Brexit and migration but the government is firmly opposed to the direction of travel that we are hearing from the United Kingdom Government on the restriction of free movement arising out of the nature of the proposals that have been put forward for leaving the European Union. Equally we are opposed to the characteristics of the migration regime that is supposed to replace it, because at a £30,000 income threshold, that will be catastrophic for many parts of not just the Highlands and Islands but of Scotland and in particular sectors in to the bargain. It completely ignores the challenges that we face in relation to recruitment of personnel, particularly in some areas of public service where this is an acute issue. We have to be very mindful of how we can work together collaboratively in addressing that issue.

Then lastly, the question of digital - there's obviously - James mentioned the challenges about digital connectivity in the Orkney Islands. I just have to state for completeness that Orkney would be in a great deal worse position if we hadn't had the Digital Superfast Broadband Programme which was substantively funded by the Scottish Government and which has got Orkney to the levels it's got to. We now have to complete that with R100 and I want to

make sure there is appropriate dialogue around the advancement of R100 as we go through the tender process - and the procurement process that is currently ongoing. So those are three of the issues that I would raise from the outcome tracker from our last session. Any other issues that anyone wants to raise on that? Margaret.

**Margaret Davidson (Highland Council):**

Thank you Deputy First Minister and thank you very much for concentrating on the population retention issues and migration. If anything has disturbed my sleep over the last couple of months - it could have been the budget, could have been Brexit. But I think we're sort of through a pain barrier with that. We just want it to end. It's actually been migration. When I read the white paper on proposed migration policy after Brexit, it's alarming. It's alarming for Scotland but it's particularly alarming for the Highlands and Islands. So, thank you for your concentration on that.

I think as we come up to CoHI in the autumn, I think if we could have a substantive item on population decline and arresting it. It's not just about talent attraction, bringing people in - although God knows we need to do that. We also need to retain and grow our own and we haven't been doing enough of that in recent years. Well, I don't believe the Highlands have and perhaps other places. So, reading back over the last minutes, the Workers Skills Development Scotland - particularly in the Western Isles - is of huge note.

As we go forward and increase planning about places - it's coming through in the Planning Bill. Place Planning. That's what we all need to do. We need to focus very local and we need to have the sort of programmes in place that make sure that we're retaining people. That means taking a fresh look at apprentices and a fresh look at how we grow our professional staff while they're in work. Because that's what people want to do. You know, you advertise in Caithness for a member of the children and families team, you'll be lucky if you get anyone. If you advertise for trainee social worker, you will get many applications. So, we need to work on that area of things and bring people on. I know our new Chief Executive Donna Mason - I don't know whether you've met Donna - is very much concentrating on that. But I think we all need to, and we need to look at how things develop around the Migration Agenda because the Advisory Committee on Migration is doing us no favours at the moment at all. Really alarming stuff.

The only other thing I'd like to say is around broadband - thank Colin and his team for what they've done so far and the communication they've had. But can they increase the communication so that we can also get on with the money we have ourselves to do what we can to bring forward things as fast as we can for the gaps. Because, that tends to coincide with where the population is declining too.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Any other observations? Alex, yes.

**Alex Gallagher ( North Ayrshire Council):**

Just summing up - it's a theme I think you might hear it again. Just to remind the meeting that there - of the Clyde Islands. There's a lot of work here in a lot of the papers which focuses - I think maybe without some of the justification on the Highlands and the Islands and the poverty there. But what that means is that sometimes you forget that there's four or five Islands in Clyde that are populated.

From our own position around the skills issue, Arran actually has its own committee. It's the Arran Skills Action Plan. We have actioned along the lines of what's happening here - that's happening in Arran. So, if anyone is bringing all that together then maybe they should try and bring Arran into the plan as well.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Anyone else? Okay, Alex very fair points about the Clyde Islands. It's important that we are looking at all of the different geographies. Margaret's comment about focusing on place is a really important aspect of how we need to think about these questions. There will be a very different set of issues in the Clyde Islands where accessibility may not be quite the challenge that is the case in the Northern or the Outer Islands. But there will be other specific challenges for those communities so it's important that we reflect all of that.

I think on Margaret's point about migration, I don't think the significance of this point can be understated. It's a huge issue. We're sitting just now with unemployment across Scotland at a historic low. Three and a half per cent so - but we are sitting with shortages in virtually every key aspect of our economy. Social care, the health service, teaching, hospitality, food processing. Virtually every sector is facing skills shortages and we have unemployment at three and a half per cent.

Now, of course there is a - there are people who are economically inactive and we have a whole series of measures to try to support people in to employment. But I think we've got to look with some reality on the fact that we just don't have enough people around in the country. Now that's - so this is all tied up with this strategic political debate that we are unfortunately involved in just now. But I think there's a good piece of work that we can do collectively between the Convention, the government and all interested parties to try to advance as best we can on these questions. Because unless we address this we are going to be just banging up against this issue on a constant basis and there'll be a set of strategic interventions that may well involve the University - well do involve the University of the Highlands and Islands. The college network around the Highlands - the involvement of Skills Development Scotland - in making sure we've got accessible training and employment opportunities around the Highlands and Islands.

Ironically, we are now in a position where we probably have a very vibrant set of positive economic developments but what will that tell us the availability of people to actually develop them. If you actually - I was listening yesterday on the radio to a very interesting interview with Professor Gavin McCrone who of

course has been very closely associated with many aspects of the foundation of the Highlands and Islands Development Board (HIDB) and the Scottish Development Agency. One of his points was that at the origins of the HIDB, there was a deficit model about economic development opportunities in the Highlands and Islands which he then said, you couldn't say now. So, it's a very interesting public policy reflection of what has been achieved but it could well be undermined by the challenges that we face about the availability of people. We - I think we'll - I think your suggestion Margaret about coming back to this in the autumn - who knows. We might be clearer about where we're going but we'll perhaps come back to that at that stage.

Okay thanks very much colleagues for observations there. I will now move on to the first discussion and it's going to be on the National Transport Strategy Review, the Strategic Transport Projects Review and CoHI Transportation Issues. If I could just say that what we'll hear - Paul Wheelhouse will open up the discussion and then we'll hear from Heather Cowan from Transport Scotland. Then we'll have an open discussion and Paul will summarise. Instead of me going around the table saying all who's who, just when people are speaking for the first time, could you just say who you are so that we're all crystal clear. Okay, Paul.

**Paul Wheelhouse (Minister for Energy, Connectivity & the Islands):**

Thank you very much Deputy First Minister. Just at the outset can I just say that we are trying to build in better communications in to the R100 rollout than perhaps - we've learned lessons. Good though DSSB was, that was one area that we know was a challenge so we're building that in from the start. Delighted to be able to introduce the presentation and paper updating you on progress with a review of the National Transport Strategy and the second Strategic Transport Projects Review.

Transport is of course one of your seven key themes with a focus on equality of access to 21<sup>st</sup> century transportation services across the Highlands and Islands. As many of you know, the Cabinet Secretary Michael Matheson has announced a national infrastructure mission and objective of increasing capital spend by one and a half billion per year by 2025 and has appointed a National Infrastructure Commission as well. So, it's in the context of that, that's also an important development. Sitting alongside that we're kind of working on an updated ferries plan - obviously a maritime strategy - many of you will be aware an aviation strategy. Those are two areas that the Cabinet Secretary's leading on. But the NTS review and STPR2 share two common features. They look forward 20 years to the future of transport in our country and they are generally collaborative undertakings. I know that many of you are continuing to engage on the NTS review and will similarly look to input to STPR2 which we have set out to conclude within the lifetime of the current parliament. So, i.e. by 2021. You'll hear in the presentation shortly from Heather that the key components of the new NTS are now taking shape, including the development of a vision statement for transport for the next 20 years and a set of key themes, outcomes and policies to underpin that vision. We're now in the process of drafting the National Transport Strategy (NTS) to move it towards a draft for consultation later this year.

Our new NTS will set the context for the second Strategic Transport Project review and STPR2 in short will examine the strategic transport interventions required to deliver Scotland's economic strategy and the National Transport Strategy and will also have reference to our Climate Change Plan, energy strategy and other key strategic documents as well. It will consider investment in road, rail, active travel, island connectivity - picking up James' important points - buses and of course ferries. Both at national level as well as international connections as well. But - and this is key also to addressing James' point - in our view it will also have a regional focus with a programme of regional engagement and ensuring that differing regional transport priorities - such as internal ferries and other issues in the islands - can be considered and assessed on an equal footing with the national focus as well. So - ladies and gentlemen - these are exciting developments as we look to continue to build a transport system which meets the future needs of all of Scotland's people. So, let me hand over - as the Deputy First Minister said - to Heather Cowan who's the Acting Assistant Director of Strategy and Analysis at Transport Scotland who will give us more detail on the progress that we're making and then we'll seek to identify actions and outcomes arising from the discussion thereafter. So over to you Heather.

**Heather Cowan (Transport Scotland):**

Thank you for the opening remarks Minister and thank you for the opportunity to come and update CoHI on progression - with progress of the National Transport Strategy and the approach that we're taking to STPR, and as the Minister set out, transport is one of your priorities for post 2020. We've been progressing the National Transport Strategy Review three pillar approach based on developing the evidence base to inform the National Transport Strategy, collaborative working with a wide number of partners and engaging stakeholders and citizens across Scotland to give them an opportunity to inform policy development on transport. We're now moving in the phase that allows the NTS to start to inform the STPR and to start to undertake work on our strategic transport interventions looking forward to 2020.

Now, the review builds on existing transport infrastructure commitments, many of which you'll be familiar with in the room today. So, for example the Highland Mainline Improvement Project existing commitment and the aspiration to deliver two hours 45 minutes between Inverness and the Central Belt. The Aberdeen to Inverness Improvement Project which by the end of this year - by the end of 2019, will deliver hourly services between Inverness and Elgin and 1300 additional seats between Aberdeen and Inverness. Connected to that the project that HITRANS are leading for Dalcross Station which will - once the Aberdeen to Inverness Project has been delivered - will enable Dalcross to be delivered within the first rail period - rail control period. That's 2019 to 2024. Our strategic road commitments - I'm sure you'll no doubt be familiar with the commitments to dual the A9 by 2025, dualling the A96 by 2030 and upgrading of the A82 between Tarbet and Inverarnan providing improved connectivity and safety between the Highlands and Islands and the Central Belt.



So, just to pause to say that the work of the NTS and STPR is over and above these existing commitments. These existing Scottish Government and Scottish Ministers' commitments remain.

I think we've probably covered most of the summary side. This is a priority area for CoHI and I think it will be an interesting discussion today picking up many of the introductory points in the context of transport. Particularly important - the national and regional approach that we're taking to the Strategic Transport Projects Review which really allows CoHI to feed in regional priorities in to that work.

There've been a number of changes since we've done our original National Transport Strategy and the Strategic Transport Projects Review which we set out in 2008. Some of these have been mentioned already today but that economic strategy focus. That focus on inclusive economic growth, planning reform and that specific focus on place-based policy making I think is important in the context of National Transport Strategy and Strategic Transport Projects Review.

Fairer Scotland, socio-economic duties, *Islands Act* of course. There's also drivers for change within transport and we've mentioned some of these already today but our ambitions and our targets around climate change and the Climate Change Plan. Improving air quality in our cities and areas - air quality management areas and that has an impact on some of our most disadvantaged communities. The commitments to phase out the need for petrol and diesel fuels by 2032, moving ever towards a low carbon economy. An ever-increasing focus on sustainable transport modes, both thinking about our low carbon emission agenda but also about the health for us as a population with more active travel. These are many of the shifts between our original National Transport Strategy and Strategic Transport Projects Review and the current work that we are now undertaking.

The approach that we've taken to the National Transport Strategy Review was a collaborative approach. We've worked with over 60 stakeholders across seven working groups. We've done a call for evidence to inform the development of the National Transport Strategy and that was led by our research and evidence group which is chaired by an Academic Lead for Transport. We are - as part of the National Transport Strategy Review - just to touch on it - undertaking a review of transport governance, looking at roles and responsibilities with transport governance. That review comes from both earlier work that we did in transport, setting out the roles and responsibilities - but also from the empowering planning work which set out a recommendation that there should be a review of transport governance.

The other approach then is to make a thematic approach to looking at the opportunities and the strategic issues for transport. So, working across four thematic groups. Getting the expertise from a wide range of stakeholders on those groups to inform the development of the National Transport Strategy. As the Minister said in his introductory remarks, the National Transport Strategy is now starting to take shape, and this is the draft Vision and Outcomes Framework that comes from one of those collaborative working groups - the

Strategic Framework Group. So, this vision is intended to be a vision for all of us in Scotland because delivery of the strategy is Scottish Government and partners. It transcends layers of government, transcends local, regional, national. It's a much shorter vision than what we have in the 2006 Strategy. We will have a sustainable, inclusive and accessible transport system helping to deliver a healthy, more prosperous and fairer Scotland for communities, businesses and visitors. There's four priority themes in the Outcome Framework. We've talked about that inclusive growth focus for the economic strategy. The two themes that together reflect that inclusive economic growth focus are, promotes equality and helps our economy prosper. You will see there in the promotes equality theme, some of the issues that get picked up for CoHI and some of the issues that are reflected in your Strategic Transport Paper for CoHI. so, it's about having a transport system that's accessible for all, affordable for all, easy to use for all and provides access to the services we need.

The other bit of the conversation that we've been having that I think is reflected here today is about transport's not just the system in itself, but the wider economic and societal outcomes that the transport system enables and contributes to. That's also reflected in the Strategic Framework through the other priority areas in particular, but about taking climate action. As we know, climate change is already happening, so it is about mitigating some of that change that's already happening. Preventing further climate change impacts and adapting. As part of that in transport is about promoting greener, cleaner choices. We - and the citizens in Scotland have a part to play because it's our many million of individual choices that build the decision making on transport and what modes that we travel with.

The other high priority theme - and I'm sure my NHS colleagues around the room will agree - that focus on health and wellbeing and the part that transport can play in tackling some of our strategic challenges. Obesity, inactivity in the population and again healthier more active choices for the population. The thematic groups that I spoke about earlier, they met during the first half of last year. We had a whole range of well-informed outputs from those thematic groups. We've been collating and refining them in to 14 policy statements that will inform the delivery of the Vision and Outcomes. They are in an annex to the paper. They're quite early drafts but I thought it was helpful just to share the current progress on the National Transport Strategy. There's not going to be another opportunity to come to CoHI for six months, so we've shared where we are. I'm just highlighting two of the policy statements just to pick up that the work that we've done engaging stakeholders - so we've engaged about 300 stakeholders with a multi-channel approach - has had a rural, island and urban focus to it. Very much focused on reflecting the different perspectives in the engagement we've done both through the thematic groups and the citizens work. That's coming out in the policy statements which you should see reflecting some of your priorities within CoHI. For example, Policy E which is to provide a high-quality transport system that integrates Scotland and recognises our different geographical needs, reflects those different transport needs that are needed in different parts of the country. Some of the measures that we've got for this Policy are about maintaining lifeline transport services and connections

about better connectivity. We're also developing a draft monitoring framework and that also picks up a potential measure about connectivity between Islands or between and within urban locations into cities so that we can monitor the impact of the Vision and Outcomes frameworks and progress towards delivering that.

Moving on to STPR. I'll touch firstly on some of the key principles of STPR and then talk about that regional approach that the Minister introduced that we're taking to STPR. A bit like when we set out the National Transport Strategy in 2006 and we did a 2008 Strategic Transport Projects Review - it's the same process here. We're doing the National Transport Strategy first to set out the success of our 20-year strategy for Scotland. That 20-year strategy then informs the Strategic Transport Projects Review. As the Strategic Transport Projects Review in part is about delivering our vision - our outcomes - the infrastructure interventions for transport. This will be a multi-modal objective led appraisal process. So, looking at across Scotland and using the Scottish Transport Appraisal Guidance - STAG. I'm sure those of you who are familiar with it will recognise it by its shorthand. Within that taking a national overview but a regional focus. It will draw on work that has already been undertaken and I'll come back to some of that work for the CoHI area in a later slide. It will deliver a 20 plan for national infrastructure investment that compliments the new National Transport Strategy.

We talked about the Planning Bill and the progress through parliament. The intention is to very much have stronger alignment between the Strategic Transport Projects Review and the NPF4 for the transport component to almost be the transport chapter within NPF4. As Mr Wheelhouse set out, the intention is that the next Ferry Plan is a component of the Strategic Transport Projects Review. This process will set out Ferries Plan 2 if you like.

I touched previously on the scope for STPR2 but this just draws out the fact that it is very much a wider scope. So, the first STPR was very much around mainland road and rail - bus park and ride - and that is a much wider context, I think reflecting that broadening of how transport contributes to economic and societal outcomes. So, we are looking at within that active travel. Thinking about strategic active travel. What does that mean? As well as islands connectivity, ferries, buses. Just to touch on the fact that international connectivity is very much a part of STPR2. So of course, we're looking at connectivity within Scotland, Islands, Inter-Islands but also looking at international gateways, key ports, airports, access to these by all modes. Access to markets will be particularly important in a post-EU exit climate.

The national regional - have I missed one there? No. The national regional approach allows us to look at - nationally at the strategic links between the cities and key ports, international gateways and cross-border links. The regional approach allows alignment of spatial planning, economic development and transport at a regional scale. So very much recognising that emerging in the context of the regional economic partnerships and recognising the emerging context around Regional and City Growth Deals of which many of the Regional and City Growth Deals have transport components.

So that will form part of the regional approach to transport. It will consider the role of strategic transport networks from the perspective of regional economic geographies and will have the benefit of allowing different regional transport priorities to be considered and assessed on equal footing.

I just went quickly past the investment hierarchy slide. But this is to highlight that we'll take the same approach as with the previous STPR and that's looking at an investment hierarchy. I think I found when I spoke to stakeholders about STPR2 most of the interest is probably in new bits of shiny infrastructure. You know, bypasses, further dualling - you know, a whole wish list of infrastructure commitments. But we will take the approach to look firstly at maintaining and safely operating existing assets and maintaining that crucial existing connectivity for passengers and for goods, for access to work and services and for business access to markets. We'll then look at making innovative and better use of existing networks. Be that through technology solutions or soft - or fiscal measures and then lastly look at targeted infrastructure improvements. As I spoke earlier, it is about taking a multimodal appraisal. So, it is about objective led, looking at the problems and the opportunity and the evidence base and how that works its way through to transport interventions.

What it's not about is picking a specific investment that's [sought] and retrofitting the process. It is starting with the objective led process and identifying the appropriate national level transport interventions for the next 20 years. Where are on the path to regional engagement, I think will be of interest here. What we want to do is build on existing engagement and exiting groups. So regional transport partnerships where they exist, regional economic partnerships. We issued a letter in the early part of this year to all local authorities, National Parks and regional transport partnerships to invite them to be a part of the regional engagement on National Transport Strategy. This is not about re-drawing boundaries or making any roles and responsibility change in setting up these regional groupings. What it is about is having a flexible regional grouping to inform the development of the National Transport Strategy Policies and STPR at a regional level. It is about that alignment of spatial planning, economic development. Bringing together that local and regional expertise to inform the development of the evidence base.

In the CoHI area, the Cabinet Secretary for Transport Infrastructure and Connectivity, made a commitment in the context of the A82 Taskforce, that Argyll & Bute would be prioritised within STPR2. We've already held our first regional meeting with Argyll & Bute. The responses to the engagement letter for the CoHI area indicate that from HITRANS, Highland, Orkney, Moray - that you're recommending a wider HITRANS approach to regional engagement in this area. We are taking the point on the North Ayrshire's - we're discussing with North Ayrshire how they fit into the regional approach. This is a big opportunity I think for CoHI and for organisations and members around this table in taking a regional approach to STPR2. It allows the identification of regional priorities and forming evidence-based case for change - that initial appraisal work. What objectives do we set through that initial appraisal work? That work will be informed by a range of ongoing regional and local appraisal work. So, for the CoHI area that includes the pre-appraisal study covering Fort William area, the

work on the inter and intra-islands transport connections. It includes the Northern Islands Ferry Services, Outer Hebrides business case development on Orkney internal connections and also on Shetland internal connections. We will use the existing evidence base in those areas of work to inform the STPR2.

A quick run through where we are and the next steps. For the National Transport Strategy, we've committed to consulting on that strategy once in draft form and we'll do that later this year. We aim to publish that by the end of 2019. We appointed consultants Jacobs and AECOM to work with us on STPR2 at the turn of the year and the regional engagement that I've spoken about is the first task in 2019. We'll continue to gather evidence through this year going into detailed appraisal in 2020. As Mr Wheelhouse set out, the commitment is to complete STPR in this parliament, aligned with National Planning Framework 4. Although National Planning Framework 4 can't commence until after the passage of the *Planning Bill*.

There is a commitment to a collaborative approach. So, although the first engagement is through the regional partnerships and local authorities and RTPAs, we will be engaging wider with elected members, with transport and stakeholder groups, with businesses and an opportunity for the general public. Ultimately NTS and STPR together will frame the future for transport in Scotland and we'll set out a strategy for all partners in Scotland for the next 20 years with - through STPR setting the national level interventions needed to help deliver the strategy.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thank you and I'll hand back to Mr Wheelhouse to open the discussion.

**Paul Wheelhouse (Minister for Energy, Connectivity & the Islands):**

Thank you very much Heather. That was very comprehensive and hopefully helped add to the paper that colleagues have had in advance of the meeting. Could I just ask colleagues to try and recognise we've got limited time here, but it would be good to get as many observations and identified outcomes if those are appropriate from around the table. Please catch my eye and make sure you get your chance to speak.

Do you want to come in first?

**Roddy McCuish, (Argyll & Bute Council):**

Thank you Minister. Roddy McCuish, Argyll & Bute Council. I really do welcome this paper and it's so important that we get this right and I was delighted where you said it will affect all of Scotland's people. But on the promoting equality - which we saw in the outcomes diagram - provide fair access to the services we need, I'm delighted to see the contingent investment in all our major routes. But the biggest problem I think we face in the Highlands and Islands is getting to these routes. So, I would like to see us maybe just having a wee look, taking a wee step and looking to see how we can get to these routes.

Also, if I may - I'll be very brief - regarding - we've got a great Timber Transport Organisation which will look at the timber companies as well. I'd like to see that

extended perhaps to the whiskey industry and to perhaps the tonnes of salmon that are up and down our roads as well. Maybe we'll have to look at something if they can feed in to that as well. But I welcome this paper and it's absolutely imperative that we get this right. Thank you.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

That was very, very helpful and obviously Mr Ewing will have a close interest in the issues you raise about agriculture and whiskey and we can maybe raise that with him later. But I think we'll come to you next if you can just introduce yourself. Yep, sorry. Yeah, just I can't see nameplates so apologies for that.

**Xander McDade (Cairngorms National Park Authority):**

Xander McDade, Cairngorms National Park Authority. It's really good to see in the paper that the young people have been consulted as part of this - because I think it's often a voice that's forgotten. I think picking up on the Leader of Highland Council's point earlier about the migration policy issues. Young people are going to become even more critical to the rural economy if that goes forward. As National Parks one of the key concerns for us is the depopulation of young people in the rural areas. We have a declining - a rapidly declining population of young people.

Obviously being on the A9 - the Highland Mainline - we're welcoming those significant major opportunities for improved infrastructure and how that will help the economy. But I think what I would suggest is quite important in terms of young people and how they're travelling is changing rapidly. Less young people can actually drive and one of the key things that was identified by young people as part of our youth manifesto work was transport is probably the single biggest reason why young people are leaving our rural areas.

They're moving to cities because they've got good bus services et cetera and we're quite concerned that in recent times some of the significant proposed cuts to the rural bus services are going to have an even bigger impact indirectly on the economy. Because young people will just totally leave because they're not going to be able to get around at all.

I think we would welcome more engagement around how we can implement all the sort of lift sharing technologies et cetera as well as [active] travel and keeping bus routes as they are and improving them. So that we are not losing the young people that I think we are very concerned that we are going to lose. It's a really big issue for the National Park because we've got very expensive housing. It is a big issue around all of the rural areas.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks, Xander. Amanda?

**Amanda Bryan (Forestry Commission Scotland and Crown Estates):**

Yeah - no it's following on from Roddy's point there about different sectoral needs. Really welcome the recognition in the strategy that there is that focus on helping our economy prosper and also the point that was made about recognising different geographical challenges in all of that.

In relation to forestry, one of the key issues we've been grappling with is how - particularly in Caithness and Sutherland we can support productive forestry. That's either [restocking] or new planting and it's really that productive forestry element. Whether that's softwoods such as Sitka Spruce or increasingly hard woods such as Birch that generates the economic activity and jobs. What we don't want is a focus primarily on non-productive forestry which provides some income at the start but after that really doesn't contribute. The road network is absolutely fundamental in all of this. Forestry Commission Scotland are currently working with Confor - which is the industry body - to identify a range of measures that will support more productive planting in the North of Scotland. But it's clear that that - improving that road infrastructure will be a large part of this.

We really appreciate the role that the Strategic Timber Transport Fund has played to date and recognising that that's actually a national fund. We would look to have that supported and recognised in whatever strategy going forward. But having said that, it is about thinking about that economic activity in a holistic sense. Because whatever is put in place in relation to timber could also work along with aquaculture in the West, but also tourism in the North. Obviously, we've got North Coast 500. It's about having that holistic approach but then focusing in on key sectors as well.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Amanda. Alex?

**Alex Gallagher (North Ayrshire Council):**

Alex Gallagher, North Ayrshire Council. Yep, we welcome this. I think the collaborative approach is the way we would like to work. I know that the Chief Execs and Ayrshire have already met to try and form one of these regional transport partnerships. I think there is an ambition actually to go beyond their own area and try and include Dumfries and Galloway in that. So, that's working out quite well. We also - I would also note to the group that we recently announced the Ayrshire Growth Deal. There will be a transport element to that which we are working on. So, it might work on some of these issues. Because - yes, I think that being said - I think I come back to my previous theme - if - my view I think is - I heard a statement recently, boundaries need not be barriers. So, if you think of all the - for instance road developments we've talked about - actually there're three roads in Ayrshire that lead to ports, which lead to the Islands. But that might come - be part of our transport strategy and it might not but it's worth noting - the 737, the B714, the A76 and in fact the A78 to a certain extent runs through Greenock, Gourock and Wemyss Bay in to Largs. So, I would just plead for a broader view on that.

The other issue is island connectivity. Is anyone thinking about connectivity on the Clyde Islands? Because there are five, I think occupied islands in the Clyde and we would certainly have an ambition to connect these islands. There's already been some tentative moves made towards it. The Arran Economic Group has been on Millport and talking to people. But it's got no further than that. But if it's going to be a government strategy to connect the islands then I can't see any reason why you have to leave Arran, get a boat to Ardrossan, drive to Largs and get a ferry across to Millport to have that meeting that we just talked about.

We recently - in collaboration with the private sector - announced quite an interesting tourism development. We included - it was about the Islands and the coast and we included Bute in that. We've talked to Bute - Argyll & Bute on that. So, a lot of that development crosses the boundary. If you think about it, the West Coast of Argyll has got an East Coast on the Clyde and the West Coast of the Clyde. The East Coast of the Clyde has got a West Coast in Argyll. So, I would just put that idea before us and see if there's anything that can be done about it. I think that's probably all I would like to say. So, yeah, we welcome it, but I think again, this idea of boundaries not being barriers is worth throwing in to the mix.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Alex. Gary.

**Gary Coutts (University of the Highlands & Islands):**

Can I just back up what my colleague from the National Parks said in that the impact of transport on young people. Particularly my interest is young people in education. It is a huge disincentive for a lot of people to be able to study. It's just the cost and the frequency of being able to travel from where they live to get in to places of education. It's something that we need to take very seriously. It's not just young people, it affects people of all ages that want to retrain.

We're looking at the skills shortages. We'll be wanting armies of people to skill up and retrain and they need to be able to get access to that to be able to do it. I'm very taken with the equality aspect of the review. I think that's obviously vital, but I just wonder how we will frame that as we look forward. I'm really lucky. I spend a lot of my time - most of my time - in the Highlands but I also spend time in Edinburgh. When I'm in the Highlands I never use public transport and when I'm in Edinburgh I never use my car. It's - the equivalents for people is just - it doesn't bear comparison. The experience that people have of the availability of that transport.

I don't think we could create a Lothian style bus service for the whole of Scotland. You're not going to get that level of frequency. It's just not going to happen. But what do we - what was the reciprocity that we can look at? If we cannot provide that sort of experience, where do we look at trying to mitigate the actual experience that people do have to try and make sure that they're not dis-incentivised.



**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Gary. Ian?

**Ian Kinniburgh (NHS Orkney)**

Thank you Deputy First Minister. I welcome the report. Clearly there is significant evidence that shows that effective transport systems help reduce inequalities and help drive down health inequalities in particular. So, with that in mind I'm very, very mindful that this is a really positive step forward.

I just wonder though - from an Islands perspective - whether there will be another opportunity to look at such things as funding and the Air Discount Scheme and the fact that Air Discount Scheme was brought in to recognise the disproportionate cost of flights from the Islands to mainland Scotland. But isn't extended to health service, isn't extended to businesses. So, we recognise that there is a disproportionate and unequal impact from this. I just would like to wonder if we could open that up as part of the discussion. Because I think there's compelling evidence that we're significantly disadvantaged by not being able to access that.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Ian. Steven?

**Steven Coutts (Shetland Council):**

Thanks Deputy First Minister. Again, very much welcome this paper here, and particularly the whole systems approach because I think that is absolutely crucial. The recognition - safeguarding lifeline links. Obviously from a Shetland context - again sorry - Leader of the Shetland Islands Council in terms of the introduction. Our road network as well, our ferry network as well. That's our lifeline link. Touching on the national and regional aspects and touching on what Roddy mentioned in terms of the whiskey, salmon and the timber aspects. I'd like to explore the linkages with the local level as well. Because often when - I suppose I would use the salmon example - of national significance - of regional significance and very reliant on local pinch points. It's that interaction that I would like to kind of explore further. Because a lot of that local interventions have historically fallen on local authority levels. The funding to do that just simply isn't there. I think we need a recognition of that on the basis these are nationally important links and nationally important in terms of - particularly in our export markets.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Steven. Graham.

**Graham Leadbitter (Moray Council):**

Just to pick up on a couple of points that have been made. Roddy made the point about supporting commercial transport into rural areas. Obviously for Moray, whiskey is a huge thing for us. It's a huge thing for the national economy. Across the Highlands and the Islands, the salmon farming is obviously a huge aspect there as well. These are massive exports for Scotland. I think the overall strategic view of that I think is trying to make sure that those -

what are essentially large factories in very rural areas have that connection into the main roads and rail networks to make that as efficient as possible.

Again, some will point to the Timber Transport Fund has worked really well for us in Moray. But actually, realistically there are more whiskey lorries on the road in Moray than there are timber transport lorries. They use the same roads to an extent but some of them go even further into the rural areas. Basically, we've got a chemical factory at the end of a rural road in Moray. Some of them are very large.

The other bit of that as well is energy. Getting - improving the routes from our ports - the likes of Buckie and Wick and various other ports that are going to be servicing offshore wind and the work with that will increase the amount of large vehicles going to and from our ports. Again, put more strain on those local roads that are connected in to the national trunk roads network.

A final point - and something entirely unconnected with that is getting the right infrastructure for getting electric vehicles on the road. That's particularly challenging across the Highlands and Islands because of the distances involved. But the technology is coming with the battery life in these cars that will allow people to use them in more rural areas, but we need to get it right in terms of what's in Building Standards for example. For ensuring that new-build housing has charging points in them. Otherwise we won't get the buy in from the public because they won't be able to afford to install a charging point in their house. So, we also need to think about how we can support people to retrofit that technology into their homes to allow them to utilise electric vehicles.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Graham. James.

**James Stockan (Orkney Council):**

Thank you Deputy First Minister. It's - one or two things. I'd like to clarify something - a question what Heather said - when it seemed to be that all of these things we were doing were going to be feeding in to this next plan. But that next plan is only starting in a number of years' time when we've got some absolutely critical, urgent needs to meet the equalities thing that we have here. I just want to tell you one little story that we have here in my own ward where a large gentleman had to go to hospital. He had to be winched on to a boat in a cattle float as the only way to get him on the ferry. That is unacceptable in this day and age. We've been asking for years to get in to this place to start to deliver a service that's accessible, that's equitable with the rest of Scotland and we've not got there yet. We've not got on the starting line.

Everything being pushed years in to the future is not addressing that huge need that we have here. So, what I'm going to say is before we build out in to other new, shiny projects, let's make sure that we get the base load of enhancing the existing in place. I'm really quite anxious that if we don't get some of these things happening now, and we've got to wait for these next things - there's a five

billion pounds of infrastructure funding that Mr Mackay has announced for Scotland. We need to start with the worst first.

We've got to - we all agreed when we were in Oban that we would work on an equitable basis because that's the only justifiable way we can bring it back to the people who are in our wards. Who are in our council areas. So, we really need to work constructively to get together there.

I could speak on this transport paper all day because there's so many things in it that I'm interested in and all the rest. I'm really interested in coastal shipping, I'm interested in is the way we're doing ferries and running all our vehicles all over these roads the best ways for Islands or are there other alternatives that are cheaper and longer term and release the pressure for commercial traffic. There's a whole lot of innovative stuff that we need in here. We need to look at mobility as a service. Rural applications - a lot of these types of things. We need to get in to that space because we can't go on doing things the way we've always been doing it. I would support these other members with some of these things that really make our industry work. To get special investment funding there to make sure we can get the timber out. Make sure we can get the fish moving.

Look at the tourist industry and the value it brings back. How do we actually make sure we've got an infrastructure? I know there was £6 million given last year but we need to actually have funds to enhance and get that value back for the sake of the country, for the sake of getting the money back through tax takes.

There's a number of other things in here that I'm really interested in but this whole equity thing. We've also got to make sure that everybody in Scotland get a chance to get to the Central Belt within a day and home again. Because that's an issue that I think we need to build services around that. So many people in our Outer Islands who are the most disadvantaged probably in the country as far as travel are concerned. Have got to spend maybe one or two nights extra before they can get to the Central Belt of Scotland and back again. We need to build services so that people can do these things in a day. To have accessibility and have equity across the parts. So, I'm really quite keen that these things are built in to the next Transport Policy. But we need to make sure that we - I must - I can't emphasise this enough - there's things we've got to do before we get three or four years down the road. If you're going to build a new ferry, and you got the go ahead today, you're several years before it's built. With our aging fleet that we have in Orkney - 10 years older on average than the fleet on the West Coast - we are absolutely desperate to get started. Because the money we will need will only be in three- or four-years' time but we've got to get the boats on the drafts board to get - make sure we get the right thing built. I'm waiting for business cases year after year - as I've been doing for the last 14 years of my council life. I think it's time we got started. Thank you.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks James. Gary.

**Gary Robinson (NHS Shetland):**

Thanks Deputy First Minister. Gary Robinson - Chair, NHS Shetland. I'm actually quite glad that James picked up on the point about the day trip to the Central Belt, because I do think that that is something that is absolutely crucial in this. I think this is an excellent paper. If I have a criticism at all, it's perhaps around the fact that it's a bit light on air services. Particularly in Shetland more people travel by air than by ferry and in terms of the Scottish Islands we're unique in that respect.

But I think it is essential that we have that ability to get to the Central Belt - and I would say not just Edinburgh but Glasgow as well. Because we commission services from the Golden Jubilee Hospital in Clydebank. It's actually very, very difficult to have a day trip to the Golden Jubilee, whether it be for a meeting, an appointment or a procedure. The flights are around about lunchtime. So, you have to stay at least one night if not two. I think that's something that's quite critical in this as well. I wouldn't like to say watered down - I mean there is mention in here that a day in Edinburgh could be watered down from being nine to five to being 10 'til three. I think we should be ambitious, and we should stick to and say, look, we want to have a nine to five in Edinburgh. I can't see any reason why we shouldn't. The airport in Shetland - and I think most of the Islands - opens at 7:00 am and doesn't close until 8:00 pm. So, we should be able to do that. I think in fairness to everyone, we should try to stick to that full day. I mean I support James' earlier comment about that. Thank you.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Gary. Margaret.

**Margaret Davidson (Highland council):**

Thank you Deputy First Minister and thank you Cabinet Secretary for your paper and what you're bringing with this today. Good debate. Interesting debate. You'll get all the engagement you ever wanted in the Highlands because the way HITRANS has been working and the huge interest in infrastructure. However, what you - I think you've picked up at the table is a wider - some more political nuances. The understanding of where we feel that concentration needs to be and how it needs to shift. I'd just like to get behind and support some of the comments that were made at the table.

I think if we start - if we wait until this new strategy is intervened our bus services will dwindle even further. Our population is - Xander's right. Young people leave the Highlands for a variety of reasons but lack of access to housing because it's so expensive and really poor public transport are definitely one of them. At the moment our bus services are shrinking. Stagecoach is struggling to deliver what they have. We can't subsidise them anymore. We're now thinking what more do we do?

So, we're looking at doing the - I'll probably say it a dozen times today - because I do think it's where we need to go. The place-based planning around community transport. I think we need your help to concentrate at that local level. Because it does matter how you get from Lochinver to the rail line or to the trunk road. It does matter how you get from Dalwhinnie - oh not Dalwhinnie,

they've got a train haven't they Xander so. But you know what I mean. The small villages in to - because where this is happening most acutely is where our population is declining. It's the same story all the time and a variety of reasons that are contributing to it. This is critical and I think it would be good if between now and when we launch the new strategy, we actually give some concentration to the things that we can actually work better.

I mean the place-based - looking at how we can use more community transport and how we can subsidise it is something we can do for the next two or three years. Run this alongside the thinking as we bring the strategy in. The other thing I'd like to add is the issue around risk. Again, that brings me back to one of the huge risks around population decline. Making sure we make the necessary investment. Thank you very much - the Berriedale Braes is finally starting - and that's a blessing to everyone in the North of Scotland. But we've got a rail line North of Inverness and it's just - it's poorly used. The punctuality on it must drive decent ministers mad because it will bring your average down with a bang. We need to look at what we can do to make that work better because it's a great line. I'd love to have got on the train in Inverness and said, I'm going through to Orkney on the train and we'll be there in three and a half hours. Fat chance. It's five and a half hours to Wick from Inverness. Which is extraordinary. I've done it twice. Five and a half hours. So, it stops everywhere.

It is about the risk. It is about the obvious risks, like the landslips and the Rest and Be Thankful and Stromeferry. They sit with us every day and we know the risks that are there. The rock scaling that's going on right now on the A82. We'll need to deal with those because climate change is with us. But we do need to look to the future because every person from 15 to 35 has got one big thing on their mind. It's climate change and lowering our carbon footprint as a nation. This is the key to it, but we've got to make sure that we don't lose more before we move - make the big shift. Because it's pulling away just now.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay. Thanks Margaret. Any other contributors before I say a few words? Okay just let me pick up on this. It's been a helpful conversation this morning.

Let me just pick up on three points. First of all, it's really to put - is to follow up some of James' comments and Margaret's about the place-based approach. Just to put that in to the context of where we are with the National Transport Strategy and the Strategic Transport Projects Review. I don't want us to leave the table thinking nothing's happening until we have the National Transport Strategy in place. There's lots of focus on developing existing transport commitments and also addressing some of the very specific issues that James raises. But I do think there is a significant policy focus which is all related - as Margaret has talked about - to the numbers of people, the connections to different places, what they're going to different places for - which - and how we can build that. Because the challenge about how we design transportation services is fundamentally driven by the demand and capacity within the system. The challenge that we face is that the more that becomes more proliferated and whittled down because we haven't got so many people on the move, it becomes

difficult to sustain services. So, we need to think holistically about some of these questions which is the advantage of the analysis that we have in place.

That brings me on to my second point which is about the wider discussion on connectivity. Because ironically, we are now in a situation - as a result of digital connectivity - and I know it doesn't feel like this if you don't have superfast broadband. But digital connectivity has actually brought the Highlands and Islands much closer to the beating heart of activity in the world. That therefore opens up markets for goods and services but that needs to be followed up by quality connectivity that enables people to access these markets and for goods to be distributed from these markets.

That brings me to my final point which is really about the economic opportunities that arise out of this conversation. They will be of a different order and I think we have to - I mean we've had a variety of different attempts at trying to make progress on this. It's not that the issue hasn't been tried to be broached. But we've not got there emphatically yet. We've tried things like Freight Facilities Grants to try to move traffic off roads on to rail. In all honesty do I think that's really had a transformative - no it's not. But we all still are left with a question - not a question - the aspiration that it would be better to get our forestry product or our salmon product or our whisky product travelling more of the miles it can by some means other than road if possible. That's the aspiration that I think we're all signed up to.

Various attempts have been tried to put it in place. Fergus has done a huge amount of work at the western edge of my constituency in the Rannoch Moor. About massive forestry movements that will be required because of the maturity of the forest - the forest estate. If that all goes on the roads, then [whoa] there would be one - and it's not just a Perth and Kinross issue but it happens to be that there's a rail line in the middle of the Rannoch Moor which is a great possibility. But despite - and you know what Fergus Ewing is like - you know, dog and a bone comes to - dog with a bone comes to mind. It's hard going to get that to work. So, there is a - I think in all of these sectors, there are real challenges about how we can do it. But that shouldn't stop us trying to focus on these issues because of the implications for tackling climate change. So, that's all my thoughts. Paul. You've given us - can you keep it tight Paul.

**Paul Wheelhouse (Minister for Energy, Connectivity & the Islands):**

I'll do my best. Just - obviously I was going to touch on the point you've just made. There's obviously a call in terms of outcomes to look at the linkages between different sectors, so agriculture, forestry, tourism. I'll certainly pick that up. A number of speakers - led by Xander and I think Gary as well in terms of issues around young people's access to education and making sure that's reflected. Not just young people, obviously but that's primarily driven by young people who don't have access to transport. But obviously older citizens as well throughout the age ranges accessing educational opportunities.

I'll pick up Roddy's point around - just around - and it's referenced by Margaret as well I think and others around how we get to routes in the first place. So, we've got the strategic routes but the - whether it's community transport - other

alternatives - to make sure people get to those routes. Quite a focus understandably on Islands connectivity but interesting dimensions around looking across border boundaries in terms of North Ayrshire in to Argyll & Bute in terms of the - seeing the Clyde as an entity in its own right rather than being driven primarily by local authority boundaries. References to I think Ian and Gary both from Shetland also referencing issues to do with the air services being - needing perhaps looking for a little bit more reflection on air services in the documents and ask to look at the Air Discount Scheme.

I appreciate there will be issues around State Aid and so forth. But nonetheless we can have a look at whether that's reflected enough. Obviously, our colleagues from the Islands referencing the ferry services - Councillor Coutts and others - around the fact these are lifeline services and they are. To look at the local interventions - local aspects of how the - we can connect to international markets for areas like agriculture and fisheries products as well. Key export markets and how the local services interact with national ones.

I think Councillor Stockan's point - which you've already referenced Deputy First Minister - around the fact this isn't - that we're preserving things in aspic while we're waiting for the strategy to come out. Clearly there are a number of initiatives and perhaps we need to flag up some more opportunities around funding for improving accessibility for ferries. I know Orkney Islands has drawn down some of that funding, but can we do more in terms of helping those with disabilities or access issues to address the concerns that were raised there.

Finally, I think a number of speakers - including Margaret most recently - talking about the risks of things, further deterioration. The impact it has on demographic challenges that many communities - whether they're island or mainland have - in terms of depopulation. Seeing the risk to key services such as buses or indeed local ferries - that those are issues that can affect whether you can meet the demographic challenge in the area that the Deputy First Minister referenced. So, hopefully colleagues have picked those up as the main features.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks very much Paul. Obviously, this is an iterative conversation that we're going to be having. So, the feedback around the table is very helpful to Heather and my colleagues in taking forward these issues. Obviously, we - the National Transport Strategy has a shorter timescale in the sense that that will be dealt with in the course of this year. So, I would simply encourage active engagement with Transport Scotland. These issues are crucial to all localities, so we need to - I think we have got a very good understanding of some of the issues already, but we need to refine that and make sure that we're properly seizing the opportunities that colleagues have raised. Obviously, that will help us - help to inform the Strategic Transport Projects Review that will take a longer period of consideration to develop. So, I would encourage that engagement.

If there's any follow up issues that any colleagues wish to make, please make them through the CoHI Secretariat. We can address those issues in due

course. Okay, we're running a bit behind time but that's very helpful but longer conversation so thank you colleagues, thank you Heather and Paul. We'll now take a break for coffee and we'll be back about five past 11 please if possible. Thank you.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Make a start again please. Can I extend a welcome to Fergus Ewing, the Cabinet Secretary for the Rural Economy, who has joined us now, and to Kate Forbes, Minister for Public Finance and the Digital Economy, who are here with us for the remainder of the proceedings.

We'll proceed on to our next item, which is Maximising the Marine Economy of the Highlands and Islands. There's going to be a presentation from Morven Cameron of Highlands and Islands Enterprise on this topic, but Fergus, I'll invite you to say a few words just to open up this issue in a second. But the whole development of the marine economy has been a central theme of the work of the convention of the Highlands and Islands over a number of years, with particular influence on the issues around renewable energy and the significant potential that exists for us to deliver prosperity in this area. As I mentioned in my opening remarks, the waters around Orkney have been really pivotal to the development of this opportunity and to the acquisition of the international reputation and credibility that we've had for these questions. So we'll perhaps reflect on - I suspect we will reflect on that in the course of the conversation today. So Fergus, you want to say a few words and then I'll invite Morven to undertake the presentation?

**Fergus Ewing (Cabinet Secretary for the Rural Economy):**

Well, thank you very much John, and good morning everybody. My apologies for not being at the earlier session. I had a discussion with some Orcadian fisherman and it took some considerable time. Very enjoyable it was, I add hastily. Anyway, I'm delighted to open the session with a few brief remarks and the session will look at the opportunities for the Highlands and Islands on three areas, where really the Highlands and Islands have the monopoly, if you like, of these areas, namely aquaculture, wave and tidal energy, and marine biotechnology. There are many other areas where the marine economy is vital to the Highlands and Islands. Obviously marine tourism, fishing, oil and gas, as well as offshore wind, fixed and floating.

So there are many other areas where the marine economy is hugely important, but there only perhaps are arguably these three areas where the Highlands and Islands actually have cornered the market, as it were. From that point of view it seemed logical that we should have a particular focus on these three areas and how we can further develop them. And how thinking forward to the discussion we may have afterwards how those local authorities that are looking to establish [growth] deals and are perhaps in the earlier stages of that - and perhaps those that already have who may wish to have a phase 2, yes, Margaret, I was searching for the right phase. Why not phase 3 and 4 and 5?

But anyway, seriously, those who are looking to establish a growth deal could perhaps bear in mind that these are three areas where perhaps there is



potential. So without further ado, I'd like to invite to make a presentation to you, Morven Cameron of Highlands and Islands Enterprise, and I believe she'll also be asking Sandy Kerr, Director of ICIT at Heriot-Watt University, and Neil Kermod, MD at EMEC to contribute. Morven.

### **Morven Cameron (Highlands and Islands Enterprise)**

Thank you very much Mr Ewing for the instruction and the opportunity to talk about the marine economy, not in a highly economist approach, but just to give you that overview of what's going on. What I intended to cover with the help of Sandy and Neil joining at some point in the findings section of the MAXiMAR report was to give an overview of the marine economy in the context of, well, European-wide and globally, but also in terms of the Highlands and Islands. Talk in a bit more detail about the science and innovation audit work that we carried out, which has formed quite a lot of this thinking that we're talking about today, and to give a sense of future investment opportunities and some next steps that we want to see going forward.

If I start perhaps, I mean this slide really just tries to capture the range of either blue marine economy sectors that exist and how they're represented, and you can see that both of these, well, you maybe can't see, but both of these layers reflect both a blue growth opportunity and the blue economy. So if you look at the bottom sectors there, it talks about aquaculture and, well, I think the bottom section, sorry, it would be helpful if I could read it properly, oil and gas, and the - I just can't actually see this very well - and the fisheries, and the traditional sectors that you recognise within the marine economy.

Then the top layer is looking at those, what are classified as more emerging sectors. Those areas of activity that have been driven, that are starting at a different place and they have got the growth opportunity going forward. I think, so we talk about the marine economy, when you see any papers or reports, it lists all of these opportunities. But what we're going to focus on more particularly today is those that are in the emerging line. Again, it's not so easy to see this, I'm afraid, but this really talks about the different life cycles. On the bottom there you'll see offshore oil and gas, which has been proven, tested, optimised, and is now actually in the decommissioning phase, where many of the other sectors such as aquaculture, has moved along as technology development and is now an established, well-established sector, although we recognise it has to look very much at changing technologically to do more advanced things in terms of how to optimise the yield going forward. There are other sectors in there, including wave and tidal, and marine biotechnology. This is to give a sense of the breadth of the marine economy, which is huge. At the moment there are a number of reports that are being presented. Excuse me. So from an EU point of view, you can point at many reports. I've just chosen this one at random, which talks about the sheer opportunity around about the main economy going forward and the significant billions and trillions that it is going to be delivering into the global economy going forward. Within that EU context, obviously countries like Spain, the UK, France, are high up there in terms of the value of the economy.

When you look at the UK Foresight Future of the Sea Report, which is our fairly recent and actually a really excellent report, it highlights 20 recommendations in relation to how do we drive forward. Each of these reports will tend to focus on both the kind of management and the sustainability of the seas on the one hand, but also the optimising economic opportunity going forward.

At the Scottish level, there are some reports, not necessarily much at this point, but there has been a recent analysis of the maritime sector in Scotland built on the maritime cluster. And they identified that 23 percent of the UK marine economy comes from Scotland in total. Then we get down to the Highlands and Islands and we've obviously carried out this audit which is focusing, as Mr Ewing says, specifically on these three sectors, but let's not forget that the marine economy for the region is much wider than that if you include tourism, marine tourism, oil and gas, offshore wind, etcetera, etcetera.

The reason why we specified, we specifically focused on these three subsectors is that when the science and innovation audits, which were launched by the UK Government, by BEIS, these were launched about three and half years ago and they pre-dated the industrial strategy. They were sort of put in place, it was caught from the launch as a bit of an experiment to try and help the UK Government inform its place-based strategy for its industrial strategy. So these were set up in a way of trying to capture areas across the UK where there are science and innovation dynamics and groupings and partnerships but are not necessarily traditionally reflected in funding that comes through Innovate UK, that came through the research councils in fact.

So it was trying to out areas of specialism that could be recognised, but also inform that place-based approach. These were just some of the rationales. So when we in Highlands and Islands Enterprise looked at that being launched, my biggest fear three and a half years ago is we'd end up with a map of all these audits, and our region might not be on that. That was a real concern to us. So we undertook a process of trying to determine well, if we want to be on that map, how do we tick the boxes of something that's unique in a UK context, as something that really ticks the science and innovation where we've got a lot of that happening in the region, and how do we just get these things on the map? That was the essence behind what created MAXiMAR.

One of the first things we did was to develop a consortium. This was a core part of the process of developing MAXiMAR was that this wasn't just one agency or one area, it was a grouping of appropriate organisations coming together. You'll see in the partnership there, we have two innovation centres, two of Scotland's innovation centres, the Scottish Aquaculture Innovation Centre, and Industrial Biotech Innovation Centre. We have EMEC sitting in there as a key stakeholder. We have energy Scotland, which of course is a subsidiary of Highlands and Islands Enterprise.

We have three universities recognised. Three universities that have a footprint and obviously a huge involvement in our region. Obviously UHI, particularly through SAMS, but also Stirling University through its work at Machrihanish, and also Heriot-Watt University, particularly through what's going on here in Orkney itself. We also have the Marine Scotland as a partner in the consortium

and we have the National Oceanography centre in Southampton, where we have a strong partner there through Professor Angela Hatton, who used to work in Sounds but wants to keep the connection and the relationship going strongly there. So I think it was important to bring together that grouping and we'll hear from some of our partners just shortly.

We undertook some consultations to land on the key areas of focus, which turned out to be aquaculture, marine biotechnology, and wave and tidal by virtue of these being just really the most sensible way forward. We carried out the work of the actual audit, and we finalised, well, we thought we finalised our report in June last year, but there's been a significant delay in that actually being published by the UK Government. Can't think what's getting in the way there, but nonetheless, we now have a report which is actually seven months old, more or less. So really part of today was to ensure we had a platform for getting the information out. Just to reinforce our decision about the key sectors we're going to focus on, you'll see from this map here, this is a map that shows the blue growth specialisation across Europe.

Now, it's not very often that we do see maps where we see that specialisation within the Highlands and Islands. So to me it was a very obviously thing that was being recognised at both the European context and within the UK. Or perhaps not within the UK, to be honest. We also did some of our own work to look at the strategic clusters that we worked with and we had identified that the blue growth clusters were the great opportunities for economic progress within our organisation and within our region. Carried out the report, the findings highlighted and captured the potential. We're quite well-versed in what's going on within aquaculture; the industrial leadership group there has really got together a very strong body and strong body of evidence and is very aspirational in its growth to 3.6 billion by 2030.

Less easy to do that for wave and tidal, and for marine biotechnology. Quite a lot of projections and ifs and buts and maybes thrown in there, but ultimately, when you take together the total value of these sectors and the potential for growth, and again this is relative. We are suggesting that there could be a relative seven-fold increase in these sectors and their economy going forward over the next 15, 20 years. Clearly there's a lot going on in terms of that potential. The number of drivers for change in terms of digital technology, increasing demand for fish protein, clean energy; a lot of the things that we are all very well versed in are happening in the region.

In terms of the assets that we have in the region, I think it's worth just reinforcing that 61 percent of the UK coastal line is in our territory. 61 percent of the coastline of the UK is in the Highlands and Islands. I think we all know that, but it's sometimes quite good to be reminded and see that big and bold. We're also able to recognise that 93 percent of the research activity that takes place within the Highlands and Islands across the universities that we work with is linked to the main economy. That's 93 percent. If that doesn't confirm our strong specialisation then I don't know what will. You can see the percentages that exist there.

In terms of the assets, we also have a range of - we have the universities that are located in the region. We have the industries. We have over 300 businesses within these three subsectors that are located in the Highlands and Islands. We have a number of test and demonstration sites, EMEC being the biggest and best example of such, and given that we've built so much on - invested significantly in that facility, then I guess the hypothesis here today is that if we actually look at other aspects of testing demonstrations that support marine biotechnology and that support aquaculture, then again, that would be an excellent investment for future growth. Perhaps at this point I might just ask Sandy Kerr from Heriot-Watt to make some comment as a key part of our consortium, and then followed by Neil from EMEC. Sandy.

**Sandy Kerr (Heriot-Watt University):**

Thank you very much, Morven. Thank you for the opportunity to talk here today. I think it's a tremendously exciting opportunity and I certainly reflected on what I was going to say earlier. I wanted to reflect on wanting to say, and I think the important thing to say is this is built on really strong foundations. If I think about what's happened, reflect on what's happened here in Orkney around marine renewables, I mean Heriot-Watt's been here for 30 years and bringing post-graduate students from, not just from Scotland, but from around the world to Orkney for 30 years. What we're actually seeing is science, innovation, and research happening at the local level and local communities. Science and innovation doesn't just have to happen in big shiny buildings in cities. Okay, if you want to build a hydrogen collider or something, then you need to operate at that level. But there are huge benefits that can happen very much at the local level. I was delighted to hear that the secretary for Rural Economy was talking to Orcadian fishermen this morning because I can tell you that Orkney crab products have a national reputation. Orkney is the only supplier to Marks & Spencer's because Marks & Spencer's insist that where they can, they will buy product, sustainable product only, and Orkney fishermen have used Heriot-Watt science to demonstrate that the fishery is sustainable. That couldn't have happened, that relationship just wouldn't have happened if we hadn't been here.

Similarly, with marine renewables, we can give so many examples of this, but the most successful titled, arguably the most successful but certainly the largest, most powerful titled turbine in the world at the moment is formerly a Scot renewables device that is orbital, that was a Heriot-Watt PhD student that was doing a PhD here in Orkney that developed that device. In fact, it was a local Orcadian lad that had come back to study and do his PhD here. So I think we're building this on incredibly strong foundations, and what we need is more of this. Also, however, as a tiny part of a large institution and a lot of ways that these outputs, and ICIT is very much one of them, suffers from the same sort of fragility the islands themselves do, and often we are buffeted by policy decisions and what's happening in the outside world. Like islands, we need to be fleet of foot and respond to opportunities when they come along, but equally, it can be quite frustrating. I commend the Scottish parliament for bringing the Islands Act in, and this idea that you need to look at what's happening in the region. So the three universities are very excited by this opportunity and the principles and finally a point I want to make is that I think actually a throughput

of people is incredibly important. This is where it links to what we're talking about migration earlier. A lot of what's happened in Orkney and Stromness around marine renewables and innovation is really to do with a throughput of people, it's not the staff at Heriot-Watt there, it's about a throughput of people, students, that come here, have ideas, some of them stick, start up new companies like Scott Renewables. Others supply a labour force for the emerging renewables sector. Here in Orkney, it's very important for some of the local businesses. Others leave and they provide a network that knows about Orkney, knows about the Highlands and Islands and sends business back. You know, I have to say for a great many of years we've benefitted from funding for postgraduate places, for example. Things like that are incredibly important probably very small on a national spreadsheet, but incredibly important locally. So we need to stay, be joined up about this. I'd be delighted to pick up in conversation later.

**Morven Cameron (Highlands and Islands Enterprise):**

Neil?

**Neil Kermode (European Marine Energy Centre):**

Morven, thank you very much indeed. Neil Kermode, Managing Director at EMEC, the European Marine Energy Centre. Thank you for the opportunity to talk to you today to really try and drive home the point that we have found that having a centre which has been, formed itself into the centre for this new endeavour has been critically important, not just because it has held the attention of local stakeholders, but that attention has gone out wider. We are very much seen as the centre of activity, not just for UK Government and UK policy makers, but also wider internationally and indeed with international companies coming to do work.

So we've helped keep the highlands on the stage. You can tell from my rich Arcadian accent that I actually moved here because of the initiative that was going on. I'm one of those people who is committed to making something really happen here because there's a culture that really celebrates success as that happens. It's that sort of approach that we are continuously and pleasantly surprised about, and we've had people, so like Microsoft, who have now deployed an underwater datacentre with us. They came here and were simply blown away by how forward thinking people were and how they saw things like the entire energy system and the need to take holistic views on things.

So the MAXiMAR process, we've found, has been really very, very useful because it has allowed us to have conversations with people we wouldn't normally converse with in terms of the fisheries and the biotech spaces. So that's been useful in itself, and indeed there's a meeting this afternoon looking at the possibility of using waste heat from our hydrogen plants for working on bits of agriculture. But we really see the advantage of these cross-discipline activities as really helping people make the most of investments that have been made. So the ports and harbours that were enhanced principally for marine renewables have now been used extensively for the fishing people to be able to lay their kit out and expand their activities.

We've seen people who were initially started off in the marine construction sectors, specialising now in working the marine renewables space and using the vessels that they've procured, not just for marine renewables, but also for offshore wind and other things. The point is that innovation happens when you start. So we are very keen to see ways to join up other sectors and bring other places in because we've absolutely seen the benefit that's happened and we hope we've paid back the hospitality that's been shown to us by the Highlands and Islands.

**Morven Cameron (Highlands and Islands Enterprise):**

Thanks very much Neil. Just a few more slides will take us through for that. I think it's just really helpful to have the partnerships that exist and involvement of the colleagues we just heard from. In terms of the challenges, I think that there's lots of really good messages, but there continues to be some challenges that we have to deal with. Skills is a key challenge and we've heard that around the table today. A lot of the young people that are being educated in the marine economies are not necessarily being educated in the region, and that is a big challenge. If you consider that almost all of the aquaculture activity happens in the Highlands and Islands, but I think we had one higher education degree graduate in the Highlands and Islands last year.

There is something wrong about the spread and the mix of the education system to support our marine economy. So that's something that needs looked at. The complex and difficult to access funding across the UK, if you think about the 68 million that Innovate UK spent in Scotland in the last three years, 2.8 percent of that came to the Highlands and Islands. We struggle to get access to those large UK funding pots. Research council funding again is typically following the great and the good in terms of the university sector. So there are big challenges that affect how the money flows into our region that we need to be looking at, and that's partly why a place-based strategy around the marine economy would help to address that.

So with the report we have proven our cluster specialisation. We have identified the key aspects, we've clarified a use of place, so in a UK context, which is the important bit for me, we are on that map. This is an extract from the UK Government's industrial strategy, which does have the region covered, there's 25 science and innovation audits have been carried out across the UK in varying different sectors and activities. We're the only ones that tick the box for aquaculture within tidal and marine biotechnology. So it's very difficult to challenge the uniqueness of that. I have to say that having presented this a couple of times in London in relation to the audit process, it's very obvious to me that people still believe that it's tartan and it's tourism, and it's whisky. When you start to talk about the main sectors, they listen up. It's just that's part of the message that we need to be getting across in that context. The SIA has landed on a set of target opportunities.

The MAXiMAR consortium has now met 12 times and will continue to meet to drive forward the activities that are contained within these, and we're working with other partners, for instance, Skills Development Scotland is leading on the workforce development aspect of this and we will continue to work up,

particularly looking at the three sectors, but ultimately I think the opportunity is there for us to be looking much more widely about our uniqueness in terms of the marine economy.

This is a map that shows you in terms of the business basis of the marine technology and innovation assets that we have across, particularly as you'll note in the west coast and up into the island groupings, where there's a huge amount of activity, but the infrastructure is not as good as it needs to be or could be. But we do have an awful lot to offer and the opportunity is to build on that. That's just a different kind of map that identifies some of the key research, and education, and test and demonstration aspects of what we have to offer in the Highlands and Islands. Just to keep it in context in terms of the UK, there are moves for a national UK underwater innovation hub. So how do we make sure we're connected to that?

Well, we have to make sure that as a region we recognise the value of our combined assets and resources, and we play into that not just as one organisation, but as a regional approach. In terms of future investment opportunities, there's a lot going on at the moment. Mr Ewing mentioned the growth deals and I know for instance within the Argyle deal, growth deal, there is a strong reference to aquaculture at Machrihanish and biotechnology at Dunstaffnage.

We're also working with Stirling as an outcome of their deal for Tayside - sorry, Stirling and Clackmannanshire. HIE itself has, along with Orkney Islands Council, invested in the Orkney renewables innovation campus that's underway, and we're also looking at phase 2 of the main bioprocessing.

So there's a number of opportunities current and coming up in the future that we could be blending into the marine economy for the Highlands and Islands. There's also making sure that if we create a regional platform that we align ourselves with what's going on at a national level through the National Manufacturing Institute, the [base] centre, the innovation centres, and there's also EU research funding we hope and we'll hear more this afternoon, about the Shared Prosperity Fund. As well as putting this presentation together last week, there's also a strong opportunity with a new fund called the Strength in Places Fund, which came on the back of the science and innovation audit.

It very much plays into the aspirations that we have here about supporting innovation and relative - innovation-led relative regional growth, and enhancing local collaboration involving research and innovation. So as a consortium we put a bid in last June and up until Friday we hadn't had an outcome, but unfortunately and sadly we heard on Friday we were not successful in this particular round. But we have been encouraged to put a bid in for the next call on the Strength in Places Fund, which we will do and I'm sure we'll do very strongly.

Just as an overview of that, the idea really was to create this technology, innovation, and marine environment cluster for the Highlands and Islands that will be drawing international attention. So, I'm just, sorry, chasing on the last two

slides I think. Right now, I think what I want to get across to people, to colleagues around the table is that we are - MAXiMAR consortium will continue to support this activity. We are organising academic and industry workshops to look at cross-sectoral opportunities with them. We're working across Scotland. Interestingly, there's a strong push coming from colleagues in Scottish Enterprise, in Crown Estate Scotland, through Marine Scotland as well, to look at the need and the possibility of a marine economic strategy for Scotland, which doesn't exist in that format at the moment. We're looking at aligning the various opportunities for funding going forward.

The future, really, I guess, is to look at how we can create more jobs, more investment, more community benefit from our marine economy. To look out how we can build our academic capability and that reputation. To look at scaling up activity across multi-sites and investments; and to look very closely at doubling, I would say, the skilled workforce and provision in the region to take that forward, and at the same time to look at being an exemplar region in managing both the sustainability of the economy, but also the economic opportunity.

A final slide, really just to say that actually this is just about raising awareness across CoHI, looking for areas of synergy in terms of the developments that you all have in your local areas or across Scotland, and looking at how we can align our activities going forward. I'll stop there.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thank you very much Morven, and also to Sandy and Neil. Very comprehensive, but also very exciting agenda of what is being gathered together here. I think part of what I'd like us to look at is just how we can link this to the conversation we had in the Elgin about strategic projects and opportunities. This strikes me as being - it's not a development in one place, but it's a direction of activity, which has relevance to all CoHI partners, and therefore has the potential to develop significant economic opportunity across the board. Can I open it up for contributions to reflect on the contents of the presentation? Alex.

**Alex Gallagher (North Ayrshire Council):**

Yeah. Alex Gallagher, North Ayrshire Council. We're going to sound like a broken record. The Covenant Secretary didn't hear the previous two so maybe it'll be fresh to him. I think that's just fabulous. I mean the paper's pretty mundane, but the presentation was absolutely mind-blowing, I think. I think it's a good opportunity for developments in this area. The thing I would suggest is, and you did mention synergy, is we and North Ayrshire and the Clyde actually have these facilities. The gentleman talked about 30 years of aquaculture and marine biotechnology. We've had the Millport Marine Centre and it's over 100 years old. It's now run by the Field Study Centre, Field Studies Council.

We have developments on Arran about clean coast and clean sea around Arran. Part of the growth deal in Ayrshire is that we are hoping to develop in Ardrossan a marine science centre of excellence, and that's part of the stuff that's going forward with the growth deal, which I think is being signed



sometime later this month. I guess what I'm saying here is rather than the sort of complaining I was doing earlier, could we be a good neighbour, could we be maybe see if there's any synergies that can be developed there? Because it seems great and I wouldn't like to be left out.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay, thanks Alex. Roddy.

**Roddy McCuish (Argyll & Bute Council):**

Thank you Deputy First Minister, Councillor Roddy McCuish Argyll & Bute Council. Can I just say at the outset, the fact that we've got SAMS in Argyll & Bute that's really transformed Oban. Oban is now heading towards a university town and it's because of SAMS that is there. We're absolutely delighted with that. I fully agree with the three strands that we're looking at, but I just wonder why tourism isn't included in that. Maybe there's a reason for that. Also as well, to look at all this is great, but I've often wondered and I don't have the answer, maybe someone has, why we're not looking at the oil and gas industry on the West Coast.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay, thanks Roddy. Other contributions? Frank.

**Frank Mitchell (Skills Development Scotland):**

Thank you and just to build upon - Frank Mitchell, Skills Development Scotland. Just to build upon a comment Morven made that Skills Development Scotland are working very closely with HIE on this area and the timescales on working at a real deep dive on the skills demands, supply and division, provision. And looking at how we can potentially take new actions in this area to support the conclusions of this report [are aligned] to go back to the MAXiMAR consortium with the HIE in May 2019. So we're moving fast on it to make sure we can use this report and make sure we can get the pace of change behind it to fully support it.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thank you. Other contributions? Paul? James, sorry.

**James Stockan (Orkney Council):**

Yeah, I'm interested. I'm really disappointed. I mean the whole project's fantastic and you're looking at the things where you think that there's growth and there's a future. That's exactly what we should be doing, working with our uniqueness, our strengths. You know, I've lived in among some of the contributors for this for the last while and I've just seen how transformative it is for a very small community. It just changes the dynamic. It gives you a contribution. You want to be doing something on a world stage wherever you can, that's really important for the Highlands and Islands. So completely support these aspects being taken forward.

My concern is if the funding doesn't come now and we've got a delay, once again it gives a chance for other people to steal a march on us or other areas to actually get into that space. What I'm saying is how long is the next funding round? Can we wait? Is there anything in there we can do in the tender in the meantime to ensure that this aspect for the whole region is not lost? John

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Paul?

**Paul Wheelhouse (Minister for Energy, Connectivity & the Islands):**

Thank you Deputy First Minister. I just want to make a couple observations really. One is around the role that the UK Government has to play in another aspect. I mean, I appreciate the innovation focus and what Morven has set out today with colleagues. But there's obviously a far more fundamental issue about route to market. Just to reassure stakeholders around the table that we are continuing to press, as is the Welsh Government, UK Minister Claire Perry to try and come forth with either an innovation PPA model to allow projects to happen, or an innovation contract for difference model. Or indeed to restore the minima, which was taken away in 2016, which would allow a dedicated funding under contract for difference for marine energy.

So just to reassure colleagues around the table that is very much our focus of trying to get that. But in parallel we're obviously intervening as a government as well. So we have continued to support Wave Energy Scotland, one of your partners, through Highlands and Islands Enterprise. 30 million to date, but 10 million in the forthcoming financial year, and 10 million towards the Saltire Tidal Energy Challenge Fund, if colleagues aren't aware of that. That's open until 6 December for application for projects that could be deployed by March 2020.

That's again a practical step we're trying to take to try and make sure that we can see two very exciting technologies over a bit of a gap in UK support, while continuing to lobby for longer-term support for them. So we have written very recently, as has Welsh Government, to UK ministers. We're waiting for a reply about the current contract for difference pot which is opening up in May as to whether there could still be room to provide dedicated support to marine energy and particularly to tidal at this point in time through that.

But the other issue, which is very relevant, I think we need to factor in is grid connectivity. I know colleagues - James will very much recognise this from an Orkney perspective, but as will Councillor Coutts from - and Roddie MacKay from Shetland and Western Isles respectively. These are very much live issues and we do have some concerns about the emerging solutions that are coming out from Ofgem, but we're continuing to lobby them for as much pragmatism in terms of the approach they take to support the economic aspirations of the Islands, but particularly for marine energy. It's obviously very relevant. The Orkney decision, has set a very high threshold for the Islands to pass, and we believe that is unfair, but we're continuing to lobby UK ministers and Ofgem on that point.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Paul. Amanda.

**Amanda Bryan ( Forestry Commission Scotland & Crown Estates):**

Thanks very much. First of all Deputy First Minister, Cabinet Secretary, if I could thank the convention for inviting Crown Estates Scotland to have a seat at the table. I think it's exactly -discussions like this, it's very helpful to be able to contribute to. For those of you that are unaware, essentially the management of the Crown Assets in Scotland, which include 50 per cent of the foreshore and the seabed out to 12 nautical miles passed to Scottish ministers just almost two years ago now. Crown Estates Scotland is currently managing those assets on Scottish ministers' behalf. What we are very keen to do particularly now that we have new legislation in place, which essentially provides a route for us to more proactively manage those assets to deliver not just financial return to Scottish ministers, but to deliver local socioeconomic benefits, environmental benefits, that that really provides a real opportunity. One of the things that we're looking at is in our new corporate plan which will run from next year, is actually having blue economy as a key strand there. So I think it's been very helpful to have some initial discussion with HIE about how we can really play our part in terms of engaging not just with this project, but actually other aspects of the blue economy.

The other thing that I have to be very mindful of is it's great to have these projects, but how do we actually streamline the access to the assets to make these things actually happen? To that end, we're looking to work very closely with local authorities and others, particularly around local management and we've got local management pilots in place. But it's about how do we make sure that rather than just being a reactive landlord, that we're really pushing the agenda here and very keen to look at how we can make our staff expertise and these resources available to make these projects actually happen.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thank Amanda. I think there's a very significant point in there about that changing focus of the Crown Estate post devolution from being a sort of reactive to proactive player, which then relates to that substantive point that we discussed in Elgin about the drawing together of a very specific project focus mentality within CoHI to use the combined willing, voluntary, collaborative power of this organisation or this gathering to make significant developments happen. Rather than trying to, I suppose, engage or encourage the Crown Estate to be a player and having that active involvement is critical. So it's a very welcome contribution. Angus?

**Angus Campbell SNH:**

Thank you Deputy First Minister, Angus Campbell, SNH. Can I just say as an organisation we very much recognise the quality and the value of the marine environment and what it does to create jobs and allow people to live in the Highlands and Islands. I think a lot of the added value from a marine environment comes because of the quality that it holds, and as the gentleman

from university there said, the example of the Orkney crab, it's a sustainable product which allows added value and a guaranteed source of quality to be recognised is very important. We believe we have common aims in that and that presentation I found very stimulating and very exciting. What I would say is that everybody around the table has a part to play in this and we would like to play a part in that in terms of early engagement so that we can find answers before we find problems. So I would just put that on the table as an offer to be part of the conversation at the earliest possible time.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

The finding of answers before we find the problems is very much up my street, Angus. Thank you for that contribution. Margaret.

**Margaret Davidson (Highland Council):**

Okay, thank you. I wrote down SNH when you said that, Angus, thank you. Moving swiftly on. What I think would be really helpful, I look at this and a really interesting paper pulled it all together, painted the picture far more clearly for me around what's happening and the opportunities there. We've all got different aspects that we'll come with this from. In Highland, we're living with the rundown of Dounreay in the north, and the fear is that that will accelerate. We want to put energy projects back in the north that will fill that gap that that will leave. We haven't got much time. So how do we get from where we are, where we have this huge expertise and potential, to actually getting the energy into the grid. I know the difficulties with the connectors, but I think what would be really helpful for us is that we've got a shared lobbying agenda. We've got shared priorities that we're all talking to UK ministers around. One day they will put their head up and say, oh gosh, we need to get on with the day job. So when that happens we need to have the same messages going through about how we make this real for ourselves. What an opportunity, and what I don't want is that in five years' time - James is right, China's on the move, Spain always has been, what I don't want to find is that we're building expertise and exporting that instead of actually using the energy to supply our own needs and the needs of the rest of the country. For me, it would be really helpful if we got all the messages that would be most effective to use.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

I think in a sense, Neil I'd be interested in your observations on that point because it rather makes the argument that we have been - I think if I was to sum up the journey on wave and tidal energy, we have had a supportive economic development infrastructure and educational infrastructure within Scotland. We've had at best lukewarm policy climate from the United Kingdom Government, at worst, pretty unsympathetic. But nevertheless, we have still managed to acquire significant leadership of these opportunities internationally. I think part of what would help to focus - and this is, I stress I was saying to myself at the start of this discussion: don't focus all your thinking on wave and tidal energy because I'll come back to that in a second.

But on this one, it strikes me a huge opportunity is there, but we have to be confident we can maintain that. And the next threats coming our direction are

possibly about the implications of migration, talent flow, while still dealing with the same issues around how sympathetic is the policy climate from the United Kingdom Government in this respect. Where do you think we are on this, Neil? Am I being unduly pessimistic or, of more interest to me, what can we do to sharpen up the proposition that we can bring to the wider debate? If Sandy wants to add into that, you're very welcome to do so.

**Neil Kermode (European Marine Energy Centre):**

No pressure then. Thank you very much indeed for the opportunity to think about this. In terms of what we need to do to sharpen up, Orkney has actually increased its population by 10 per cent between the last two censuses. In part we think that's due to the messaging that we're giving off and the approach that we are taking, which is welcoming young people and bringing ideas in and let's try and make something work. I think the impediment we're facing at the moment is probably around the housing side of things and trying to get accommodation for people is a real challenge. We've certainly got members of staff who are not happy, and that's principally due to accommodation issues. So trying to scale up the infrastructure that supports this talent pool I think is going to be important as a personal view.

In terms of what we've done so far, we have been making the most of the positive regulatory environment that we see from Marine Scotland, and we're very grateful for the pragmatic approaches taken, which we don't see happening elsewhere in the UK. So thank you for that. In terms of the financial support side of things, having Highlands and Islands Enterprise as the development agency has been absolutely critical to making this work, and having governments firmly behind it. Once again, really there. Then locally, the council have been stalwart supporters. Where the gap has come in now has been in the financial support, the route to market that was talked about. The emasculation of the support that was available by UK Government some time ago has been less than helpful, and at the moment what we're doing is running on the momentum that we have from the activities that were set up before. So I do worry that Scotland will hurt more, but the UK as a whole will lose out on the opportunity unless it puts some power into this. Because in my parlance, the stall warnings are on really loud at the moment that we don't have enough push to make this work.

So I think the persistence that's been shown by government, Scottish Government particularly, and the local stakeholders, the persistence that the industry has shown has been invaluable. The support that they've received from people who are willing to find ways to make this work has been remarkable, and time and time again, we're told by people who come here that they had just never expected this level of support, this level of professionalism, and this level of willingness to engage. So I think we got all the bits we need, it's the route to market piece at the moment that's going to kill us.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks. Sandy.

**Sandy Kerr (Heriot-Watt University):**

Thanks. I mean I absolutely concur with everything Neil said there. At a national level, we've got a policy that's designed to buy cheap megawatt hours of renewables and on one hand, that's a good thing because the taxpayer shouldn't be funding profit-making, but it's useless at stimulating innovation, and we need a different mechanism for wave and tide. Absolutely clear. At a local level housing is becoming critical. I lost students that wanted to come to Orkney last year because they couldn't find anywhere to sleep. It's a fundamental problem. I'm not going to repeat any more of what Neil said because it's all correct.

I would just like to make an interesting observation that in MAXiMAR we target, we identified three areas: biotech, aquaculture, and wave and tide; and that's absolutely right because they're at the cutting edge. I'd like just for a moment to - because the thing that you don't know is the opportunity that's around the corner. That's the difficult thing. Dial back the clock 20-odd years. The first time anybody wrote on a piece of paper that I am aware of, the idea of a marine test centre, was on an MSC thesis of a student that was doing a master's in marine resource management in Orkney. It was 1995, a girl called [Nic Labrums]. That was the first time that appeared in a paper. It got passed around. It wasn't a blueprint for what happened and it spiralled into something, but the important point is it's a very, actually getting a throughput of people and trying to do research at a grassroots level. I know it's very difficult to plan funding programmes around the opportunity you don't know that's there, and it's correct that we absolutely have to push forward these three areas. Everything that Neil said about wave and tide is absolutely correct. We also need to create a space where the next idea can come out because I can tell you one thing guaranteed you can't come up with the next idea in a table like this, an environment like this. You'll never do it in a committee. All you do is recycle old ideas. So you need to actually create innovation.

We're very good at doing it in Oxford and Cambridge and places like that, but we need to be doing it in places like this as well. What you've got - it fascinates me because I'm actually a social scientist in Stromness - is a different kind of economic business development happening based on science, and to a certain extent, arts as well and here in Orkney that is hard to see it replicated anywhere else in the Highlands and Islands, but we should be trying to learn from it. But please, let's create the opportunity to discover the new ideas. That sort of stuff is pretty cheap compared to funding infrastructure. Sometimes it's difficult to fund because it's hard to - you can't guess the future. Say we're going to drive this particular industry. We need to create a space for innovation. That's what I would really plead for going forward as a university.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

That strikes me as an argument for the culture of innovation that is very much at the heart of the work that we are trying to create - certainly the direction that I'm giving to the university community to engage very closely with the world of business. But which recognises that you have to empower researchers to lead that dialogue and that discussion, and be open to establishing how can we take

forward that economic development opportunity. I think what's been interesting in listening to Neil's most recent remark there of how the role of each of the players that we would expect to be playing in this has actually been deployed. So we have a climate of innovation that comes out of the thinking of researchers, but it needs an economic powerhouse to drive that agenda forward, which HIE has contributed. [Lorne], did you want to come in.

**Lorne Crerar (Highlands and Islands Enterprise):**

Yeah, just to say that the – Lorne Crerar, Highlands and Islands Enterprise. The Stromness Campus has - the new Stromness campus, it's currently ongoing, has at its heart, innovation. That we have EMEC next door to it and we look across the Pentland Firth to one of the largest tidal arrays in the world. So the trick for us is to really catch up what James was saying, is that but how do we make sure that the opportunity is not lost? Well, the presentation you've heard from Morven is about the future. What is it we can all do together to make sure that opportunity isn't? Because I don't think we should underestimate an innovation to what Neil said, and Sandy, that we really have been innovators to this point and the support the Scottish Government's given us through Wave Energy Scotland is a commitment to innovation and we shouldn't underestimate what has happened.

To Margaret's comment then, we should be confident that we can deal with the issues as they arise going forward. We must not lose the uniqueness of this opportunity that we have made so unique. For Alex's comment, of course with Millport, of course part of our journey I think you currently are, and from HIE we can give you our assurance that we will make sure that we have everyone together with us to make sure we make this the continuing successful journey that it's been to date. That's helpful.

**Carroll Buxton (Highlands and Islands Enterprise):**

I think just we'd like to say that the whole process of bringing together a consortium that looked at MAXiMAR has been really interesting and I think a very, very worthwhile process. All the consortium members have indicated that they want to stay involved. I think Neil mentioned that pulling together people that maybe wouldn't normally sit together around a table to discuss some of these issues has brought forward some really interesting ideas that wouldn't otherwise maybe have come and developed. So I think it maybe touches also on Sandy's point about creating the space for some of those new ideas to come forward, because people have looked at things from a different perspective and maybe come up with slightly different solutions to what is a challenge in one area that can be overcome by other brains being focused on it. So I think that whole process has been really, really useful and would really thank all the consortium members for giving up their time so freely and with such enthusiasm.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks [Carroll]. Gary.

**Gary Coutts (University of the Highlands and Islands):**

Just very briefly, Gary Coutts University of the Highlands and Islands and delighted that we're playing a significant part in this initiative as it's going forward. Just a wee comment about place. I don't think we can overestimate how important that is. In the last 15, 20 years we have seen some amazing work taking place across the Highlands and Islands because the University has had an opportunity to create spaces for people to work, and that stretches across the whole of the area, and a whole wide range of different sectors. Even in Perth with the mountains research stuff there, stuff that's going on, in Orkney, which is not related to the marine environment, but whether it's in a heritage or whether it's in agronomy, it's just absolutely amazing. But they work best when you can actually create the space that people can collaborate and work effectively together. I think that when we're looking for the future, I think we sometimes underestimate the importance of making sure that we provide that right environment for the top people to get together and work at their very best. We've seen examples of it throughout the Highlands and Islands, through a lot of the campus development that's taken place and I think that we can do an awful lot more. It's working within the priorities that we collectively identify as we go forward. I think there's still a huge opportunity for doing a lot more.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

But I think what comes out of that, Gary, is the observation that the - if it's not possible for, if I choose the UHI umbrella to preside over these things, without the closest connection to HIE and the economic development agenda that goes with it. So it's about recognising - and then of course that core technology element, that fundamental relationship. But then as the presentation we've heard about and some of the experience that Sandy and Neil have shared with us, it then spills over into things like availability of housing, which have got wider implications and before we know it we'll be on transport connectivity and all the rest of it. Nothing's in a compartment, is my point. Now, where will we go to? Neil, you wanted to come back in again.

**Neil Kermode (European Marine Energy Centre):**

Thank you. Just one other thing I think is important is for us to have the confidence that we're doing the right thing. So we have systematically reached out and made a lot of noise about what we're doing and the Financial Times picked up on that a few months ago. That gave rise to a major article. That in turn helped Orbital Marine Power, which is the company that Sandy was talking about helped them at a time they were going through a funding round. They closed out in a funding round of about £7 billion. It's been successful at reaching out, but the most successful one we had of late was the World Economic Forum, people who run Davos, highlighted [Ede] in an article, a population of 125 people, and then listed other marginal places like England, China, Japan, and Germany, but Ede got the top billing on that. As a result of that and some other work done, some social science work that was published recently, that gave rise to another piece by the World Economic Forum, which raved about how Orkney was doing so much with renewables, and that's the whole piece. It's not just the marine piece, it's the whole piece. They were



interested in it. That got rise to Leonardo Di Caprio picking up on it and it got 1.2 million views over a weekend.

My point is about attracting attention and bringing and keeping the spotlight firmly on the activity that's going on. It's not hard to do because people are really keen to see it happen. But what we've got to make sure we do is we've got something we can talk about between the projects. So the legacy of this stuff, the visitor experience, the fact we need to inoculate the hundreds of thousands of people who get off cruise liners, all of whom are in pension funds, with the fact that this is the new thing to do is critical. I don't think we're reaching out into that space yet.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Neil. Graham.

**Graham Leadbitter (Moray Council):**

Yeah, you kind of lost yourself in between there about the not compartmentalising issues, because one of the things I've come across more recently is the businesses being very concerned about public sector employment. They're struggling to attract people to come and work for them. If we want to maximise what we get out of funding technology and innovation, then - and I want to see some more of those dots in Moray at some point in the future map. But we need to make sure that people who are well paid in that sector, there's a risk that that can push house prices up, for example. But we need to make sure that there's enough affordable housing so that we can provide the care workers who are going to work in an area, or allow nurses to work in an area. Because if we don't have those fundamental services and get the migration issues sorted out, which is a big challenge, but if we don't get them underpinning all of that, then it's difficult to attract the investment from the larger companies to come in because they link, everything is linked together. I think that's absolutely critical.

I think we also need to sort - not miss out the linkage between what goes on between the energy opportunities here in particular and what goes on inland because what's not on the map there is the fact that the largest substation in Western Europe is in Keith. That's massive land-based infrastructure to support marine development, and we need to think about how that will pan out in the future as well.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Paul.

**Paul Wheelhouse (Minister for Energy, Connectivity & the Islands):**

Thank you Deputy First Minister. Just to add to one point made earlier on because we're picking up the innovation theme. Just to say that well, we obviously are making the lobbying efforts that I described earlier. We're also trying to think about what happens if that doesn't work. So it's a key thing to think about collectively. What do we do if there's no supportive route to market

from UK ministers and I think one of the key issues that maybe we need to look at together, particularly thinking about the enterprise networks and [Dave Ritchie] ex of the [Energy Parish] now of SNIB is at the back of the room there. So thinking about patient capital, access to capital, is an absolute driver for the cost per megawatt hour and it's a very large component of the cost per megawatt hour, so the bigger the risk premium because we've got emerging technologies we're talking about, less familiarity in terms of the financial markets. There's a bigger charge on debt in terms of the projects. Therefore that drives the uneconomic cost per megawatt hour as it currently is.

Just to make members aware that we are working through the ministerial working group. We've got Marine Energy that I chair with the Offshore Renewable Energy Catapult, and University of Edinburgh, but we're keen to engage with colleagues at Heriot-Watt and UHI as well. But we can do to actually drive cost pathways for the technology to get it down below the cost of nuclear, and that's probably the key benchmark we have to aim for. Can we make marine energy as cheap or cheaper than nuclear energy? Then it takes away any argument UK Government have got for not providing support to it. I think we do need to think one step ahead, and one thing that we can do in the family around this table here is think about what can we do to make sure there's access to capital.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Paul. James.

**James Stockan (Orkney Council):**

Yeah, just on the conversation I've just been so aware of this idea hatching. So I was just thinking about the analogy of an incubator. You take all the things together in one space and you keep the heat on until they hatch, and then you distribute the chickens or whatever, or the different things that hatch. I'm really quite keen that we keep the heat on to keep the funding at this early stage and when Sandy was bringing up the idea thing. What's been fantastic, I've found, is that cross-pollination and taking more strands together in a project like this but in a place you can get huge benefit from someone else's with bright ideas being close. I think you can do that better in a small rural place than you can in a big institution where everybody are thinking along the same lines. I think that's a unique thing and the campus that has been set up here, I just hope that that does even more for future ideas than we could ever imagine.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay, anyone else that wants to contribute? I'm going to invite Fergus to sum up the conversation. Okay, right. Fergus.

**Fergus Ewing (Cabinet Secretary for the Rural Economy):**

Well, thank you John and I think I was delighted that Alex Gallagher started off by praising the quality of the presentation. It's been one of the most stimulating presentations that we've had, and of course although the discussion focused largely on marine energy, it also - the presentation covers aquaculture and

marine biotechnology, and these areas are enormously important. We've seen some of the largest investments in Scotland in aquaculture over the last year or so, both down in Oban, in [Kylachen], in Invergarry and elsewhere. So marine biotechnology obviously is at its beginning, really. More or less at its beginning, but the paper does focus on three areas and the common strand is that the Highlands and Islands is a near monopoly in UK and Scottish terms in respect of each of these three areas. Not quite, but a near monopoly. Roddy's point about why not oil and gas, marine tourism, I think these three areas are selected largely because these are bespoke Highlands and Islands, where we have a special cache, a distinct offer, tremendous statistics have been gathered together by Morven and her team, just proving that that is the case, that we are the leaders and we want to stay there. Our concerns are can we do that with the barriers that we have and the lack of direct support from the UK.

I don't think we need to broaden this out to oil and gas; they have their own innovation technology centre. Marine tourism, I think the challenges are more practical than research in relation to transport, guides, interpretation, connections, direct landings. But I think these three areas, to take up Paul's point, could have an enhancement so that as well as marine energy, if there's agreement, I think the grid connection, but marine and terrestrial, needs to be considered as part of that in the same way as a car needs a chassis as well as an engine. We haven't got the good connections. Until we get the good connections, we're never going to realise the enormous potential of the Highlands and Islands. So just taking up Paul's suggestions. I think perhaps thought should be given to HIE and other partners, including within the marine, the issue of grid connections, which many people including Frank around the table have, and of course Neil, have spent years and years looking at. I hope that we are close to overcoming that with Island CFDs applications at 600, Roddy, not 450 - we hope for the western isles, and not forgetting Orkney, incidentally, James, or Shetland, Gary, so there we are. Said quickly and politically.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

You can see how he's such a unifying force.

**Fergus Ewing (Cabinet Secretary for the Rural Economy):**

Yeah, diplomacy is my second name. You know, people are going to start calling me Kofi soon, you know. But anyway, just moving to a conclusion. I think we all realise this is a piece of work that needs to be continued. James asked immediate question, what about the funding? We're not backed by the UK body for 46 million, well, you know, we're firing ahead with the second application. Although there was a knock-back, without going into too much detail, it seems that the basis for the knock-back is marginal at best, flawed at worst. Therefore there is an opportunity I think, given we're dealing with a group of scientists here. It's not necessarily a political decision to replace the knock-back with a success. We want to get a success, we want to get a chunk of money for research, James, and that will happen as quickly as we possibly can, although the timescale is not really of our choosing. But I know speaking

to Morven earlier that we will get on with this. There's also horizon 2020 application anticipated that Marine Scotland appraised me about earlier. So we're getting on with this. I also wanted just to praise and acknowledge the key role of universities and research centres. They're all mostly around the table. I mean obviously UHI and Heriot-Watt, University of Stirling, and we also have SAMS and of course EMEC, Machrihanish, and others. That research in itself is a great success story in the Highlands and Islands.

We're all worried, as the DFM said, about the availability and the continuing availability of people from other countries. As far as we're concerned, they're welcome, they're essential to the Highlands and Islands. We're doing everything within our power to make sure that whatever happens with the B word in the next few weeks, that the message gets across that people are welcome to Scotland because many, many of these individuals come from Spain, Italy, countries with a maritime history and interest. Young people tend to get enthused to come to the UHI, pursue their careers here. That's absolutely essential to Highlands and Islands that we continue with that. I just wanted to make that point. Coming towards sort of conclusions because we always like to look forward in CoHI, I've already suggested that we maybe consider including within marine energy as one of the three areas, the grid connection issue Morven, just because it's umbilical connection to practical achievement. Secondly, I hope that there will be reflection and collaboration between Morven and her group and local authorities in developing regional deals. If that is put as a conclusion, that might just focus our minds on the feedback, on encouraging linkage with HIE of the local council in particular here, in respect of development of growth deals. Is this an area where you really could be including something in the growth deal? Thirdly, obviously we'll need to work together offline and HIE do that anyway all the time, but I think thought needs to be given how that work should be taken forward. Most local authorities have expressed a strong interest in this. Perhaps further thought needs to be given by each of you as to how you wish to take this forward, but obviously engaging with HIE is something that should be part of a conclusion. That's, I hope, a basis for the decision making part of CoHI.

But could I just finish by thanking once again Morven, Sandy and Neil, and Marine Scotland for their work and what's really been an excellent presentation, bringing together a very complex range of topics, presenting it very clearly. And presenting really a very glittering prize for the future of the Highlands and Islands for generations to come with the massive potential that maximising the marine technology has for us all. Thank you.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Fergus. Let me just say a couple words just to close the session. The first is an observation on the work that's been shared with us here today, which is for me a perfect encapsulation of the type of partnership working that I am very keen to encourage through my responsibilities in education policy directly with universities in the research community, but more widely in the outlook of

the Government in joined together linkages between science, innovation, business, and the economy. So this is a really splendid example about how that has been done and been done effectively. I think we should take a great deal of confidence in policy process terms about the advantage of all of that. There's two particular points I would make of just in terms of future actions, which I think we need to perhaps reflect on in CoHI. The first is to focus on how we enhance the plans that we have in place to overcome any of the obstacles that we might face, whatever they happen to be about: funding, outlook of the renewables regime, or indeed policy decisions that may be taken within Scotland, which create difficulties for us, to ensure that we maintain leadership of this vital area of activity. We are in the leading position. That's come about - I was interested in Sandy's observation that the whole concept of a research centre in Orkney had had its genesis in an academic study in 1995. I take great heart from that because it actually didn't take that long between 1995 – and EMEC starting 8 years ago.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Well, that's, in my view that's absolutely remarkable, that from academic idea to establishment of eight years is really quite - if only everything else was like that. We've got to that position. It's taken a huge amount of industry to get there and I certainly want to make it clear on behalf of the government to reinforce Fergus' point: we've got absolutely no desire to do anything other than maintain that leadership. So we have to think through rather than be put off by a hostile climate or whatever it happens to be, what can we do to conjure up the different ways in which we can maintain that leadership?

We've got a tremendous skill base around the table and the other organisations to help us to do that. Crucially, we've also got unanimity of opinion. Often in these things you're trying to corral people to points of agreement; we don't have any of that corralling to do. That's all done, which is a great strength. So that's on the renewable side, to really make sure that we've got that focus on maintaining that leadership. Then my final observation is, I suppose, the direct contradiction of all of that, is not to restrict our thinking just to renewables. I think it's a real danger. When I look at the MAXiMAR paper, it does cover a wider-range of topics. I think what our challenge is, I think if we're being honest about it, I don't think we've got quite the intensity of focus in the other areas that we've got in renewables. So I think we've got to challenge ourselves about how we ensure that we motivate that degree of intensity in the other areas on aquaculture and on marine biotechnology to complement what we're doing in wave and tidal energy, where we have got that really clear agenda.

We have got total cohesion in our message. How do we make sure that that happens additionally? I would say, again from the government's perspective, we are very committed to this work. I would want to see, there's a number of ministers who are here today with policy responsibilities. There's a huge area of this activity for Ivan McKee, the innovation minister who should be very close to these developments. If we can make sure from my official perspective here, that Mr McKee is briefed on all of what we've talked about here so that we can make sure that his full weight of policy activity can be put in behind this. But

there's a very substantive piece of work here. So thank you Morven, Sandy, and Neil for a really stimulating leadership of our conversation, and to colleagues for your contributions. We'll look at different outcomes to how we can take that forward later on today. Okay, thank you very much. We'll now break for some lunch and we'll reconvene at 1:00 for our final session on the dreaded B word and other issues. Thank you.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay if we could reconvene. The final substantive session that we have is on Brexit Impacts and Strategic Priorities for the Highlands and Islands including the Shared Prosperity Fund from 2021. So far today we've had a reasonably kind of cheerful positive conversation and I'm going to try very hard not to change the mood. I don't actually think there's much point in us having a large pouring over the whys and wherefores, ups and downs, what on earth is going to happen, kind of conversation over the course of the next, what is it, 25 days until we allegedly leave the European Union. But let me just say a few things in opening this discussion before I invite Kate Forbes to set out some of the parameters of the discussion around the Shared Prosperity Fund.

First of all, I can't give you any magical insight into what's going to happen. We are keyed into the UK Government's discussions on a constant basis. As the local authority colleagues will know, we have significantly increased since the autumn our focus on the possibility of a no deal scenario. I know that all local authorities have been very actively working on a resilience basis and preparing for that. On Wednesday we will have our next strategic discussion on no deal preparations which is an ongoing weekly interaction involving ministers, civil servants and local government and the emergency services simply to make sure that we are equipped and ready for the possibility of a no deal scenario emerging at the end of the month. I think the - we have recognised this to be a very real possibility but it's far from clear as to whether that will happen or not. The - obviously there's going to be a tremendous amount of traffic between now and then as to what happens particularly next week in the House of Commons with relevant votes and the government will be well engaged in that process. I suppose what that then brings us on to is thinking about what are the principle implications for the Highlands and Islands? For me, there are probably three significant elements that emerge.

The first is about access to - well in order of immediate gravity, a no deal would be significantly economically and socially damaging for the Highlands and Islands. With immediate difficulties in ensuring that goods could get to market and the economic damage of that would be very significant. Our chief economist produced information last week which indicated - oh sorry two weeks ago - which indicated that a no deal Brexit scenario could reduce GDP by seven per cent which is - puts into context the scale of loss to the economy which has been essentially the strong position that has been built up over many years with active collaboration. Going back to one of my remarks earlier on, the economy for Highlands and Islands largely transformed over the last 40 to 50 years as a consequence of consistent proactive intervention, principally led by the HIE and the Highlands and Islands Development Board supported by local authorities

and the government. So that's the first major impact that no deal would be economically very damaging.

Secondly, is about people and we are deeply concerned about the availability of people within the Scottish economy in general and that will be felt most acutely within the Highlands and Islands.

Thirdly, and this is really the link into the substance of this conversation today, is around regional policy and regional development. I think one of the arguments for me in the Highlands and Islands context of the significance and the attractiveness and the benefits of EU membership has actually been the requirement that's been placed on the United Kingdom and the Scottish Government to operate within a regional policy environment, considered at a European level. Which, unlike what folk mutter about and complain about in relation to the EU, has actually been a very relevant policy environment for the Highlands and Islands. From my extensive visits and travels and leisure in the Highlands and Islands, it's very obvious that that is the case.

So the question that we're going to discuss now, is really important for us to consider carefully as to what are the priorities that we believe should be involved in regional policy and in investment in the social and economic infrastructure of the Highlands and Islands that follows from a potential exit from the European Union. Because these questions have been central to the building up of the capacity and the capability of the Highlands and Islands economy and we cannot afford to in any way weaken that approach as a consequence.

Now, so, there's lots of uncertainties in this discussion but I hope that helps to provide a framework within which we can consider and for ministers to be aware of what are the aspirations within the Highlands and Islands so that we can most effectively reflect that in the policy decisions that we hope to be involved in. Although I can't be certain at this stage how close we will be to the determination of these policy questions because we don't know the basis upon which powers, responsibilities and resources will be re-aligned as a consequence of leaving the European Union. I would hope that we would have significant discretion because it would make sense for us to do so, but I can't be certain that's where we'll be, given the nature of the conversations that we have just now. So that's the context of the discussion. I'll ask Kate to open up with some further remarks and then we'll open it up for wider discussion.

**Kate Forbes ( Minister for Public Finance and Digital Economy):**

Thanks very much. So obviously had a really good - thank you - conversation about this in Elgin, the beginnings of a conversation. Before I start talking about the Shared Prosperity Fund and regional policy, I also want to make a point around supporting communities. There's perhaps been a lot of extensive discussion in the public sector about preparing for Brexit despite a sense of ignorance of not knowing what's coming down the line. But they're - our communities are composed of residents and businesses who are also going to be exposed to the potential impact and how businesses are preparing for that particularly in light of the Highlands and Islands depending on food and drink, exports, energy and a number of other areas. Because we know in the event of

a no deal, there is going to be a disproportionate regional and sectoral impact. I just want to put that out there before I get into Shared Prosperity Fund about how each of us with our various different points of contact with businesses and with people are supporting them. I know that Business Gateway, HIE, SDS, SEM, have had a quite effective campaign around prepare for Brexit and a useful tool to help businesses identify their potential exposure. But I think there's a bigger question there about how we are supporting people that are not necessarily part of these discussions to prepare. But moving on to regional policy, we are all aware and I'm sure no doubt we can list the number of ways in which European funding has been invested in our own infrastructure and business support in research and innovation and many other things. I think the figure is over one billion euros over the last three decades in the Highlands and Islands and it's had a very positive impact.

A few points to make. One is we shouldn't lose sight obviously of current programmes of funding that are still going to be delivered over the next few years. There are still some opportunities in current 2014 to 2020 ERDF and ESF programmes which can be spent up to 2023. We cautiously welcomed in October the UK Government's announcement on the consultation on the Shared Prosperity Fund. Now again, bearing in mind that the end of March looms ever closer and sadly that consultation has still not been launched and we are - we have no further useful information on that. So, we're no clearer and we're no further forward on the principles or the value. For me these are the two most important aspects of any replacement funding. The principles that would guide that funding to ensure that it continues to have a positive impact on fragile rural and remote communities. Secondly that the value replicates the current value that we are in receipt of.

I know that everybody around this table has no doubt expressed in frustration about the lack of progress on the consultation or details about the Shared Prosperity Fund. I guess my two questions which I'll close with is, bearing in mind the conversation we had in Elgin what are the - how are we going to ensure that we shape that fund and the guidelines around that fund so that it continues to have a positive impact on rural remote and fragile economies like ours? Then secondly, how we will together with one voice respond to a consultation when and hopefully if, it appears? So, I think I'll close there because I'm sure there are many people around the table that are more familiar with the impact of the funding than I am.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks very much Kate. Right okay, let's - as Kate said, we've - we had an initial go at this conversation in Elgin and this is an opportunity for us to shape some of the thinking and the work that we could take forward which can help us to build on some of these questions. So, who's - who'd like to open up?  
Margaret.

**Margaret Davidson (Highland Council):**

I'd just like to return to an issue which has come up around everything we've talked about today about depopulation and about the problems we have around



the edges and in the Islands and I think it would be more than useful if some of the Shared Prosperity Fund was clearly focused at that. That it could help us get - this is going to be a long term job and I'm - we're even looking at some of the ESF money that's still there, growing it out of one of the projects that we've been doing over the next few months. But we then need to morph this into the future to the Shared Prosperity Fund and do some fundamental ground breaking long term work to turn these populations around. We have some - I'm not going to go into it, you know it all, but we are on the brink of breakdown with some of the public sector jobs in particular. We really need to start working there now and keep working there for some years until we're seeing that turn.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Just on that Margaret, in your - what would you include in that conversation? Is that - that's not just about the volume of people in a locality? It's I assume about housing, connectivity, and that - so it's essentially looking at what are all the factors that would influence an individual's choice of location?

**Margaret Davidson (Highland Council):**

Yes, that's right. I come away really frustrated from Caithness and Sutherland sometimes because I'm not seeing the pipeline work from good education into the schools, into decent jobs because there are some decent jobs up there now and there are jobs that we're really struggling to fill. So, we need to make the pipeline from schools and skills development on the job. Because when they go away, it's a real struggle to get them back. If they - many of the young people in Highland, we found that the last questionnaire and study that I did, many of them want to stay but they - you know, it's difficult for them to stay and to become professionally qualified and to get decent jobs. So we've got to make that easier for them and then they go off for their holidays but they come back and I think that's - we need - it is as you say, it's far more than just one part but it is about making the whole thing work and the investment that we could get from the Shared Prosperity Fund would make a big difference.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thank you. Xander

**Xander McDade (Cairngorms National Park Authority):**

Thank you Deputy First Minister. I think it's disappointing that the UK Government has taken so long to actually move ahead with what is a really important part of rural development. Certainly, in the national park without LEADER, we would have very little in the way of rural development. It's really important from our point of view that the Future Fund is still decided locally in the same way LEADER is. National Parks UK discussion recently, there was a discussion about Wales having an all of Wales fund. It's something that we would be quite concerned about - is not having the ability essentially to make the decisions at a local level. So, I just thought I'd add that.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks for that Xander. I think that's an important observation about a point in which I like to hear more about which is how we - the point about local decision making allows resources to be utilised in a complementary fashion to a wider agenda. I think that's perhaps one of the key points that we have to reflect on in answering the questions that Kate has raised. Okay, Gary.

**Gary Coutts (University of the Highlands and Islands):**

The officers' group that prepared this paper so it's no surprise really that we're fully in agreement with the direction of travel that's there but I think I would like to highlight just a couple of things. Compared to most other institutions in Scotland, UHI is a creature of the EU. It is absolutely embedded - it has allowed us to achieve what we've been able to achieve. The risk to us from being out of the EU and not getting access to the sort of programmes that I've just said before, I think is going to be far greater for us than most other institutions. So, if you look at our sector as a whole, there is the big issue around non-EU students and staff and there's the issue about University research and collaboration and the rest of it. The whole sector is going to face that, and we'll face that pretty well the same as other universities around Scotland, around the UK are going to face it. However, access to EU structural funds and future regional policy is going to be the differential for us.

I don't want to understate this, we have since we've been developed, brought in over quarter of a billion pounds in EU money which has been invested in the Highlands and Islands through European sources. Huge amount of cash that's gone in and here in Orkney, the Orkney College itself, is there because we managed to get European funding in there to be able to build that college in the building that it's in just now. If you look again, Orkney, we've - the archaeology programme, the development of the degree and Masters programme entirely due because we were able to get in resources from Europe to allow us to develop that.

The same can be said for the PhD student programme. Orkney again us one of our shining examples. We've I think got 25 PhD students that are registered with Orkney College. That is more than one PhD student per thousand population. I don't think there'll be any other part of Britain that has that number of PhD students per head of population. Again, we could not be doing that if it hadn't been for European funding.

So, we are really keen to hear what the plans might be post Brexit if it happens. I still don't think it will, but who knows? But more importantly, or as importantly as being able to help shape those plans, I think it's really important that we agree to build in some form of review and audit process to see what the impact is over the next one, two, three years because I think there will be a risk that - it doesn't matter who is administering these programmes or the successors with the cash in the future, there's always going to be risks of perverse consequences or unintended consequences being built into any way that things are being distributed. I think it's really important that we do have a chance to stand back and look at those areas which have relied heavily on European

money to see if there is any disproportionate disadvantage that they are getting compared to other parts of the economy or other parts of the sector. So, I think that's something that I would hope that CoHI would agree that we could have a look at.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Gary. Other comments? Gary.

**Gary Robinson (NHS Shetland):**

Thank you Deputy First Minister. I think this is a really good report and I think it's picked up a lot of the comments that were made around this table when we had this discussion at CoHI in Elgin. I'm really pleased to see the focus on regions because I think that was something that was missing when we discussed this last was how regions were going to be identified and targeted and I think that's really helpful. I'm also pleased to see that there'll be a more sophisticated selection criteria beyond GDP. I think beyond GDP was the big discussion that went on in the European Union for the last, I don't know how many years, in terms of their cohesion policy was to get that moved away from just a simple GDP.

I think the thing that I'm concerned is missing in this is that there's nothing in this that really measures poverty at all. I know this is just an example, but I do think that we have to consider not just wage levels because things like transport poverty that was mentioned in the first paper that we discussed today, impacts on people. Then if you get into remote and rural areas, you've got transport poverty, you've got fuel poverty and, in some cases, just real poverty. I think all of that needs to be factored in and I think Margaret mentioned it earlier on, but I think we've actually got an excellent tool already for identifying that in the form of the minimum income standard work that Highlands and Islands Enterprise did. I think that could perhaps be used as a tool to inform this, just to ensure that we are getting support to the people that need it the most. Thank you.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Gary. Ian.

**Ian Kinniburgh (NHS Orkney):**

Thank you Deputy First Minister. I think that the focus in the paper is quite rightly on trying to maintain the momentum that's been built up over a good number of years particularly here in the Highlands and Islands. But I think the element that I'm not necessarily seeing and I'm conscious from conversations I'm having with others is the important role that third sector play in delivering a lot of the services that we rely on, particularly here in the more remote parts of the country. So, it's just I guess - it may be ignorance on my part but just to see if we are very actively engaging with the third sector who do rely very much, I think on European funding for an awful lot of the things that they move forward with.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

See in a sense I think that comment rather I think gets into the less obvious implications of the presence of European funding where I think, Ian, if you build a causeway and it's got a European sign on it, it's pretty bleeding obvious it's been funded by the European Union. I think when you look at some of the projects which I know - knowing these localities are applying for and securing particularly ESF assistance, it'll be much less obvious. But then these type of projects are in a lot of circumstances, the glue that will bind certain communities together. It's all of course on the - because there's a policy focus which is aimed at trying to address those issues that arise out of fragility and vulnerability and to try to then address them as a consequence. Now what I suppose we are all worried about is that's a cash sum amount and what is not at all clear to us is how that might emerge in the future. There is going to be a sum of money that's not paid into the European Union in the future that is going to be available to domestic United Kingdom public expenditure. The question is what happens to that? What's its profile? What does it look like? What discretion have we? Because Xander's point is relevant, you know, if we don't have any discretion over what it's applied for or it's set in the wrong direction, then you do have within a relatively swift timescale - because the transition period if the agreement goes through is only for a relatively small amount of time, you do have a conceivable and potentially quite abrupt disruption if we don't get the character and the focus of a successor fund of the correct nature. I think the thing that will unnerve us is that we are not sure we will be able to shape that as things currently stand.

**Margaret Davidson (Highland Council):**

That's the Deputy First Minister of Scotland telling us that you haven't got much more idea about what this is going actually be, than we have. Oh, dear god.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

I hope you didn't think I was coming here with some secret knowledge to share with you Margaret. James.

**James Stockan (Orkney Council):**

So, if that is the situation, this is the question we've been having amongst ourselves all this time is, would any shaping of that that we do have any relevance - would it help cascading back up the way because I think for us it's really important. The big issue is we can't change the direction - people know where to go and look for money at the moment. It can't just change overnight because the same things need to be funded or else, they collapse.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

I think the point - what I would like us to focus on is - I think it's really implicit in the points that Kate raises, is on we know there is the potential for some change or disruption, whatever language you want to use to the current funding arrangements. What we have to understand very clearly and distil very clearly is what are the characteristics we need to make sure are in place to follow up Ian's

point about maintaining the momentum, because no - I think - we see the incremental year by year benefit that's been felt in the Highlands and Islands by this type of focus. What we're obviously going to face at some stage - it'll either be at the - abruptly at the end of the month or it will be at the end of a transition period or it'll be at the end of any financial guarantees at a given period. We have to understand what does it - what are the characteristics that need to be in place to make sure that the momentum is maintained? That's a discussion - and obviously one of the other points that Kate raised was for us to consider how do we with one voice set out this is the - this is what it's got to be like. So therefore, the characteristics of comparability in value to current activities as a minimal. The ability for local discretion strikes me as being critical. The ability for it to be utilised in a fashion that's complementary to existing policy arrangements, seems to me to be critical.

So there's a - there's a number of different attributes that we could identify which we can then with one voice say to the United Kingdom Government - who I assume will be decision makers in this space - this is what we need to be in a position to put in place. Sorry James

**James Stockan (Orkney Council):**

No, well I was just saying really quite keen to explore - Gary mentioned the whole thing about the cohesion policy. Some of these things are absolutely fundamental to life here and if we're going to maintain - growing in inclusive growth and things like that the stuff we want. But our challenge is, where do we - where do we lobby for this and how do we lobby and how do we - because we don't have the numbers either in the Scottish Parliament for our region because we're remote and rural and we don't have - we certainly don't have them in Westminster when there'll be so many. So, we need to be ahead of the game and work together with you to put forward a position to say this must not be changed or else it has a greater effect on this part of the world than you'll have elsewhere. Because they're not going to be recreating the whole European policy in the two years. We've got to really make sure we focus on the things that are going to have the biggest effect for us.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Fergus do you want to share any observations from your experience which is more on the agriculture arrangements for continuity of regimes which might help to put a bit of clarity in here or some of the - or flag up some of the dilemmas.

**Fergus Ewing (Cabinet Secretary for the Rural Economy):**

Okay. Well plainly the most alarming proposition is a no deal.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Wait a wee sec, [Roddie] are you...

**Roddie Mackay (Western Isles Council):**

Okay I'm sorry. Yeah, we've got to go shortly. I just wanted to - I mean - just make a - we've got a responsibility I guess because we know the disproportionate effect that these European funds have had on our area. We've

had fantastic results from them. Now if we've had such fantastic growth and experienced a lot of support, sure we want to maintain that same level and [type] and structure of funding addressing these issues and new issues as we see going forward. So, have we got a duty somehow through CoHI to map across all the different schemes and funds we've benefited from, the nature of them, the structure of them and the criteria and the distribution. Should we be looking at what's happened before and how it's benefited us and taking that and contemplating that as a shape for the future of the new fund? I think we've got a duty to that and do it pretty urgently.

We've certainly been invited every time I've spoken to - Scotland obviously keep saying they haven't a clue and they keep saying give us ideas. So, I think it is a piece of work we could agree to do around CoHI. I don't know who would take responsibility for it. We would map across all the benefits and the schemes that have been so successful in our area and see if we can get something chunky that can go in as our suggestion. Because if they don't know what they're planning at the minute, they'll take the first good idea that comes to them, I think. So, I think there's an urgency about it

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thanks Roddie a very helpful suggestion. Fergus.

**Fergus Ewing (Cabinet Secretary for the Rural Economy):**

Well the no deal is - offers alarming scenarios unfortunately for the rural economy. In particular I think for the Highlands and Islands and most at risk I think are small farmers, hill farmers because Scottish lamb in particular has an EU export market without which - the loss of which may result from a no deal because that would lead to the imposition of tariffs of 40 to 45 per cent roughly speaking. So that would eliminate many of the European markets immediately and the expected depreciation of the pound experts say 10, 20 per cent. A combination of those two things would be catastrophic and would lead to a collapse in the land price. So, in January I asked Michael Gove who acknowledges these threats actually. He said so in his speech in Oxford in January that small farmers and hill farmers are most at threat, and throughout the UK as well, not only in Scotland and Highlands and Islands. So, I said well if (1) remove the no deal from the table which you can do either by agreement with the EU or by revocation of Article 50. But if you're not prepared to do that then you'll have to compensate people for consequences which you know will be disastrous and which you could avoid by taking the no deal off the table. As a result of that perhaps and as a result of pressure that others have exerted, the Treasury has been apparently modelling the consequences and the - modelling a compensation scheme and they've - we believe have estimated that the potential losses would be between £100 million and £300 million, just for the sheep sector alone. They have looked at a headage income protection scheme. My view about this is that far better to avert a catastrophe than try and deal with it after it occurs.

Just today I'm told - I haven't seen this in writing yet, but I've been told that the UK Government has acknowledged that in the event of a no deal there would

need to be a slaughter of millions of lambs which will not go to market. So, we're dealing with an enormous problem here for sheep sectors in particular. This comes on top of and I've received pretty alarming individual case letters from crofters and hill farmers who are skint at the moment, never mind additional problems, because of the weather last year, the rise in feed prices and the drop in revenue. So, this is all a bit negative I'm afraid. What are we doing? Well we are maintaining the LFASS payments, the offer - the loan offers have gone out on 1 March. That money will be paid for those who accept it by the end of March. That's information which please pass on if you know any crofters, any humble crofters, Angus tell them to get their loan offers back. So seriously our job is to do what we can and that is to administer the schemes and get the money out the door as quickly as we can and secure LFASSing for the next three years at its current level which is not easy but that's what I hope to do.

So that's one particular aspect but of course for aquaculture, a no deal again, tariffs, although of a more modest variety, but non-tariff barriers to aquaculture and shell fish - the risk of delay at Dover, Calais, is that consignments become of no value if you lose three to six hours because the supply chain is so quick and efficient. Export health certificates they estimate there's 50,000 a year at the moment. That would be rising to 200,000 and a cost of [15 million]. So, this again is the - and local authorities bear the burden because you have - EHOs have to deal with these certificates. So, we're working with all of you to - on a plan B if we have to have a plan B.

On a more wide scale, the amount of - total amount of income broadly speaking from the EU to the rural economy is 500 million a year through CAP but also through the European Maritime Fisheries Fund. So broadly speaking, it's 500 million a year. If that goes, well we haven't got it. We don't have that. We only get that money because we're in the EU.

So, I've been asking Gove really for two years now, look, you said that we should leave Europe Michael. You also said when we leave Europe we'll match the money. So, I say that was a promise. Deliver it. Well I don't want to be discourteous but we're kind of still waiting for that to be confirmed. But the serious point is that that money is theirs, as James said a moment ago for a whole myriad of purposes some of which are clear, some of which are less clear, less obvious to people but we around this table probably know more than most how important it is. Then the effect on people. This is more difficult to be definitive about because we're dealing with people who live here and who are based here all their lives. Then we're dealing with migrant workers and temporary workers. So, there's different groups. But overall, I mean our message is people are welcome to come and work in Scotland if they wish to do so and they should be free to do so with freedom of movement. The Brexit message is somewhat more unwelcoming, and we think that's a problem. But the specifics about the proposed schemes are pretty catastrophic in their impact and we have argued without going on for - I could go on forever but I mean without going into the details, the restrictions as they propose them to be, a 30,000 threshold, three months limit, one year off, one year in, which is mad, these have been condemned by just about all the stakeholder groups irrespective of politics as being bonkers.

I don't know a sector of the rural economy that could function without EU citizens. I just don't know any, particularly tourism and fish processing, aquaculture. They cannot work and already fruit picking is suffering and cannot actually pick all the fruit that they grow each year. So, funding tariff, non-tariff barriers, people in the event of any Brexit deal and no deal, the immediate consequences which we are trying to ameliorate as best we can but recognising that there's only so much we can do to mitigate and we can't promise that we can mitigate in full. I'm sorry that's about the most depressing speech I've made that I can think about, so I apologise for that.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

I've heard some of your others so - wouldn't be quite as definitive as that. Okay. [Stephen] yes.

**Stephen Hagan (VisitScotland):**

Yeah, it's just reflecting on some of the comments that Fergus made there regarding the farming. There's no doubt that he's absolutely right with the sheep farmers and I think a lot of the sheep farmers will go out of business if Brexit - if there's a no deal with Brexit. I just wondered with the funds should we be looking at areas whereby we can support farmers like this - because some of these people will not be able to go into any other industry. The only industry that I can think that they could probably go into would be tourism, which is a growing industry in the Highlands and Islands. Perhaps we need to be looking at some sort of funding schemes to encourage people to get into tourism with the capital costs to start with because the challenges are going to be - Margaret has mentioned several times about depopulation and we know with the depopulation that we've had over the years, a lot of these people have been replaced by migrant workers coming in - well if we don't have the migrant workers, it just exacerbates the problem that we have for tourism as well, for getting people to work in the tourism industry. So, it's just a thought so that we can maybe think ahead of the game to try and encourage some sort of funding because I think some of these people will be left with nothing if it goes to this stage.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Thank you. Margaret.

**Margaret Davidson (Highland Council):**

Just to cheer us up. Actually, I think Fergus has been listening to podcasts from Fidel Castro, you know, some of the early years. He's doing well. Right. I was with a group of tourism and business on Friday. It was the fiftieth anniversary of Visit Scotland and they had an event in the town house in Inverness and I was being clearly told that bookings from Europe are already well down this year. They don't feel welcome because of all of this and I'm sincerely hoping we make it very clear that they are welcome and come on. Reading the report again, there were two or three things that struck me. First of all, they're going to align the Shared Prosperity Fund with the UK industrial strategy, whatever that



turns out to be. Then also we won't know what the fund is until the UK's spending review. So, we've got things to do in the meantime. I don't know whether the all-party parliamentary group are on post Brexit regional funding, that's a snappy title, but an important one. I don't know whether they're going to reconvene again or whether they've made their recommendations and we should be aiming to target that. But what does strike me is that as we look at launching a Shared Prosperity Fund, we're going to be competing with some of the poorer districts I would say in England, is the one that'll actually hit us the most. Maybe the North West or the North East. There are areas there which will have a strong economic pull and that's why we really do have to have a strong case. So, I think Deputy First Minister, if you could encourage us to get some senior officers together with some of your officers and let's make this something that we share between us.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

I think that the paragraph that you alight on there Margaret in a sense makes the point that I've been trying to make very strongly. The stated purpose of the Shared Prosperity Fund is to be aligned with the UK industrial strategies. Now that is one thing you could align it with but that's not going to suit this area because that doesn't actually address what has the - what's been the focus of European regional policy. This is where I think when we look at the pattern of the last 50 years in the Highlands and Islands, regional policy has taken I think two main forms. One has been to try to create strategic interventions that essentially come from Mars and arrive in the Highlands and Islands. They last for a while and then they fall away. Then you've got European regional policy which has been driven by questions of building inherent sustainability within communities. What has happened is that that has coincided with a period that has helped to boost population generally in the Highlands. Not in all areas but generally in the Highlands has supported long term business development and it's supported the development of an economy supported by an enhanced infrastructure.

So those two models - now the second model is a more rounded model because it looks at economic and social issues and infrastructure issues as opposed to the first model which is quite simply about strategic economic intervention and it doesn't work. Now what we've got - so that paragraph I think should deeply alarm us because it's too narrow a definition of what's involved. Okay right, we've a - Kate do you want to give us a bit of a summary of this, I think.

**Kate Forbes (Minister for Public Finance and Digital Economy):**

Briefly I think I'll start with a comment that was made that these funds have been fundamental for life here and Margaret's point too around reversing depopulation being the guiding light as it were for everything that we do. I see I think in summary two duties. One is to prepare ourselves in various different capacities. Secondly to speak with one voice because we are going to be competing with many other different areas of the UK and other sectors as well.

On the first point in terms of preparation ourselves, we have got to identify where the greatest risks and threats are going to be to that guiding light of depopulation and bluntly map the skills that are required with the job opportunities available in places like Caithness and Sutherland and elsewhere for how we are going to support our population where there is going to be abrupt disruption, whether that's a third sector or elsewhere we need to be ready to support organisations and others as best we can, recognising that we're all dealing with constraints in that area.

Around immigration, I think we have got to be really intentional. So there has been - this is Scotland or Scotland is now in campaign to try and put Scotland on the map and try and attract people to whether it's to holiday here, to stay here or to invest here. That's what I think we need from Islands and Islands perspective is a really intentional, not just an empty marketing exercise, but we cannot sustain our industry in our communities without retaining our population and inward migration with the skills that we need. Therefore, we need to be very intentional about doing that. So that's the preparation on the first point.

On the second point, we need to be speaking with one voice and I think Roddie's point around doing a piece of work of identifying where - what are the characteristics that we need to retain? We are competing. There is no guarantee at the moment. There is a guarantee around some form of Shared Prosperity Fund. There is no guarantee about the value of that fund or what the principles are that guide that fund. We rely on it and therefore we have got to speak with one voice. Not knowing the timescales, I think we've got to be ready to go when there is additional information particularly around the spending review. All of us have the opportunities to engage with the UK Government in different capacities and taking advantage of those opportunities. A replacement fund cannot lose the characteristics that we need in terms of flexible local freedom to adapt funding as we need it, a recognition of the pressures in the Highlands and Islands, recognition of some of the hidden aspects around poverty and particular sectors including agriculture.

So, there is much more that could be said but in summary it's that point that that support has been fundamental for life, reversing depopulation is the guiding light. We need to be preparing ourselves, but we also need to be crystal clear speaking with one voice and speaking very loudly so that when it comes to the inevitable competition and it will be a competition. We've seen - if you look at the headline news today in terms of funding for local authorities and the fact that there's rivalry at the moment, is about where that money is going in England. We have a struggle to ensure that the Highlands and Islands is on the map and on the radar when it comes to shaping this fund.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay thanks Kate. I think what we'll - well we're just going to come onto the section on outcomes and I don't know if anything's going to go up on a screen. I don't know if somebody's going - you are going to - great perfect.

While we're just doing that, I think the - that discussion we're looking for an approach. We'll take forward Margaret's suggestion of some work coordinated

by Scottish Government civil servants but relying on the input of the experts around the table from local authority partners and from HIE and also from UHI definitely, where we're looking to input into this dialogue an aspiration to maintain the momentum firstly. Secondly that there should be a local decision making and a complementarity with other policy priorities. Thirdly that the character of the - we should be working to ensure there's a broad character to this approach reflecting rurality, remoteness and fragility. Then fourthly, to actually do the work that Roddie raised about mapping what has actually happened and deducing from that the lessons of why that is significant in this respect. So, I think those would be the four sort of observations I would make on that conversation to try to develop our thinking. Okay are we - have we got some slides on the go? Yes right.

Okay that's from this morning, welcome the collaborative approach to National Transport Strategy and Strategic Transport Projects Review and welcome the continuation of that approach with a number of comments for Transport Scotland to take forward through national regional and local collaboration.

CoHI noted that NTS and STPR set the future strategy and infrastructure interventions but this sits alongside ongoing work to address immediate issues. With the draft National Transport Strategy for consultation is an opportunity to engage now through the CoHI secretariat and CoHI officers group to inform the draft. Does that capture this morning? First [Susan], James.

**James Stockan (Orkney Council);**

It's just about the fact of equality across the patch, we don't seem to have that. That was one of the things that we...

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Is there more to come?

**James Stockan (Orkney Council);**

Okay sorry.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Oh sorry. Okay well let's go back to that first one just - nobody's got - anyone got any issues with the first slide?

**James Stockan (Orkney Council);**

Equality. No, it's okay, that's fine.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Can we go back to that earlier one please? Yeah thank you. So, nobody's got any issues with that? Okay if we can move on please? Transport Scotland indicates sectoral engagement including food and drink, aquaculture, forestry, tourism, to inform the draft as to a transport strategy and identification of

infrastructure interventions through the STPR. CoHI welcomed the promotes equality focus of the draft - and I think they welcomed the promoting equality focus of the draft outcomes and this needs to reflect the issues for Islands and accessing services including health services on the mainland to ensure accessibility for all, irrespective of disability, income equalities et cetera. Transport Scotland to ensure that issues that affect young people and access to services and education and the importance of retaining young people to tackle the demographic challenge avoiding depopulation and reflecting the strategy. Is that us? Is there more? Yeah there's more. Transport Scotland to ensure that connectivity outcomes include reference to accessing strategic routes as within remote rural areas that are reduced to public transport, public transport services and accessing air, ferry services and mainland road rail hubs or indeed a lifeline service is very important, ambitious for day return to cities reflecting a business day of nine to five.

**Margaret Davidson (Highland Council):**

Could we go back to the second slide?

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Can we go back one slide please?

**Margaret Davidson (Highland Council):**

Okay the need to reflect the issues of accessing services for including health services. It - oh it does say on the mainland. Okay. It's just that James' definition of mainland and mine don't coincide but I think that's nearer to mine.

**James Stockan (Orkney Council):**

Which bit?

**Margaret Davidson (Highland Council):**

It was - no it was that. It's just that we have - we have chronic health issues in Caithness at the moment about accessing. Yes, so it is about the mainland access. So, it's remote and rural as well as the Islands.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Well let's - I understand the point you're making Margaret so let's...

**Margaret Davidson (Highland Council):**

Yes sorry.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Let's change that second bullet point to reflect that.

**Margaret Davidson (Highland Council):**

Yeah too many words. Too many words. I'm confused with it. The other thing was and I - it's in there but I'm not sure it's clear. Xander was saying that young people's focus is moving more towards public transport wherever they can. We were saying that the difficulty is that what we've got now is getting worse in the

meantime. We were talking about how we can work on some innovative stuff around place planning and we'd welcome Transport Scotland working with us on that, so that we don't lose ground before we move ahead. Otherwise we're never - in the Highlands and Islands we're going to really struggle to meet the aspirations of the modal shift that we're looking for.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

I think those points are covered. Those latter points I think are covered in a number of the different bullet points we've got there about the sustainability of bus services. I think your specific point about it's not just access to the mainland for health services from Islands, it is access to all services reflecting rurality and remoteness. So, we need to - we'll change that second bullet point on that slide to reflect that point. Okay, anyone else? Alex, yes.

**Alex Gallagher (North Ayrshire Council):**

Can we go to the next one? Next page please. Oh, I'm having difficulty reading it to be honest.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Transport Scotland to ensure that connectivity outcomes include reference to accessing strategic routes as within remote and rural areas there are reduced public transport services and accessing air and ferry services on the mainland. I think what's being said here is that when we're looking at the connectivity question, making sure you can get links to strategic transport routes in rural areas are improved given the reduction in public transport services and making sure - and that's all part of accessing air and ferry services and mainland road and rail hubs. But it's not the most clearly worded sentence I've ever seen in my life so - we'll tidy that up to make that point if we're okay with this.

**Alex Gallagher (North Ayrshire Council):**

Can I just say I think I quite clearly remember making the point about connectivity outside of Highlands and Islands within the Clyde area. The statement that I made was that the boundaries needn't be barriers. I think there needs to be some recognition of that. I agree with what's been said if I understand its meaning that if you improve the arterial roads otherwise you could be draining from the capillary roads. That's fair enough but I think the separate point that I made - and I think I made it in a couple of papers, I think it's worth - I hope that it's worth this forum takes into account that it isn't just the Highlands and Islands and it isn't just that type of rurality, Arran is rural in a way. So, if possible, I would like to see that reflected in this.

**Alex Gallagher (North Ayrshire Council):**

Well let's - we'll get some words put together that do that. James.

**James Stockan (Orkney Council)**

It's just one other thing I did mention worst first. I don't know if that's a kind of principle because everybody's got aspirations to do new things and whatever but we've got to make sure that the worst - and we can all look at our own thing

- and I don't know what everybody else says - and you think this must be the worst but it maybe isn't but there's a justification through.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

I think that's the difficulty I would have in signing up to worst first James, that I think that what the - what is aimed to be achieved through both the National Transport Strategy and the Strategic Transport Projects Review is to avoid creating new fancy interventions when we could actually be improving what we're doing and strengthening that. I think that has to be a judgment arrived at on a case by case basis as we look through the work and the Strategic Transport Projects Review. So, I'm a bit reluctant to agree to a worst first principle because that will inject a bit of a subjectivity into what's the worst. Because you might think one things worst and there'll be somebody else around the table who will think differently. Graham.

**Graham Leadbitter (Moray Council):**

Yeah there was a few comments this morning about affordability and that might be a good place to put something like that in. So, the likes of ambitions for affordable day return to cities reflecting hours of stay of nine to five because I think that's an important principle to get in there. At the moment, you know, as an example going from Moray for a couple to Edinburgh and back, if you don't have a railcard it'd be £140 and that's just a standard return on rail. It's far cheaper to jump in a car. So, we need - that I think was covered through various points this morning about affordability and it needs to run through that as a bit of a thread, I think.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay. Great. Any other points?

Okay can we move on to the next one? This is about maximising the marine economy of the Highlands and Islands. MAXiMAR needs to continue and maintain leadership in this area building on the unified acceptance of CoHI members of the importance of the marine economy. Need to ensure there is equality across the three sectors by increasing the intensity of effort in other areas including marine biotechnology and aquaculture.

I - on re-reading that, we have to make clear that's not at the expense of maintaining leadership in the first one on renewable technology. So, the use of the word equality - yeah, I don't like the word equality in there because that suggests that we're going to proper focus.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Yeah proper focus is what we're - need to ensure there's proper focus across the three areas by increasing the intensity of effort in other areas including marine biotechnology and aquaculture. Yeah that's it. The MAXiMAR focus and each [unclear] effort needs to strengthen the fundamental importance of the grid connections as underpinning infrastructure and recognise wider challenges in the region around for example migration and housing. Each area to work closely with local authorities to support the development of regional growth deals

through the MAXiMAR findings. Thank you. Is that - that's all of them? Okay thank you. Does that capture?

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Yeah local authorities and other partners okay. Okay yes Sandy.

**Sandy Kerr (Heriot-Watt University):**

I know it's a difficult point to capture but the point I tried to make was is about it's the innovation that we actually around this table don't know what the next opportunities are. It's about creating some sort of space through universities to allow new innovative ideas to come out that aren't necessarily marine renewables, aquaculture or biotech.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

So that's - it's something like encouraging a culture of innovation.

**Sandy Kerr (Heriot-Watt University):**

Yeah, I'd hate to think we pigeonholed ourselves with those things.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Sorry?

**Sandy Kerr (Heriot-Watt University):**

I'd hate to think that we just kind of - we restricted ourselves to that.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay, encourage a culture of perpetual innovation on these areas, okay? Are we content with that? Okay. Then outcome three:

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Right CoHI members signal the ongoing relevance to the October 2018 outcome in the context of the anticipated adverse economic and population impacts of Brexit on the Highlands and Islands. CoHI members need to map the range and impacts of existing EU funding and use that to take any future opportunities to collectively shape the character and quantum of the Shared Prosperity Fund. Rather than the UK IS that work should be set - that's UK Industrial Strategy - that work should be set in the context of a holistic approach to reach an economic development and policy which seeks to retain and attract people in jobs and tackle inequality and poverty. CoHI also recognise the need to boost business awareness of prepare for Brexit and business readiness and diversification.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

I think I kind of preferred my four bullet points to be honest which were, maintain the momentum, local decision making and complementary to other policies,

ensuring a broad character that reflects rurality, remoteness and fragility, map schemes and deduce lessons. And finally, leadership of that to be driven by the Scottish Government with partners and for us to work on this in a collective basis. Okay. Right that's grand, thank you. We're all okay with that? Any other observations? Are we fine? Okay that's grand. Thank you very much.

Any thoughts on future agenda items before we come to a close? Obviously, we're in a bit of a situation just now where that last topic is a big issue coming our way. We're not quite sure what format it's coming our way in, but we've got in place some preparations that enable us to handle that. But I suspect we should be coming back to these topics in the autumn. Lorne.

**Lorne Crerar (Highlands and Islands Enterprise):**

Yes, HIE I think as many know had a big survey done around our young people and their needs and aspirations for the Highlands and Islands and that might be part of a useful paper around skills and what we can do to encourage the youth of the Highlands and Islands to stay.

**Paul Wheelhouse ( Minister for Energy, Connectivity and the Islands);**

I just remembered that Margaret had made the point earlier about maybe adding demography in and the risk of demographic change. May have dealt with that elsewhere but just to flag it up.

**Donna Manson (Highland Council):**

Yeah, raised through your office last week and in response to the Highlands and Islands leaders and chief execs meeting a couple of weeks ago, we would urgently want to progress an innovated solution to the chronic issue we've got in public sector staffing in remote and rural fragile areas. We've had extensive discussions on it, and we'd like to progress with a range of partners and make that a focus in the autumn particularly in light of the conversations today. But we actually think there are quite innovative approaches in terms of place based approach looking at housing, modern apprenticeships across the public sector as a new approach, so that young people in their senior phase of school would have an opportunity to start training with us, being funded earlier in the modern apprenticeship and from 16 onwards in a multi-range of public sector functions. So, there'd be choice for the young people going through but to blend that in with a complete housing strategy possible mortgage strategy in terms of the new national bank in a complete holistic way to support young people in our Highlands and Islands.

So, I'd been keen to seek support in how we do that urgently because it's affecting adults social care as you know, provision teaching, health visiting, nursing, social work. So much so that we cannot fulfil your policies and outcome progress that is expected of us in driving up standards and a range of national policies.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay we can certainly look at that. James.



**James Stockan (Orkney Council):**

Yeah, it's just that the next six months is going to be quite crucial in the future of our country and what not and I would just like to offer - we meet as Highlands and Islands leaders every couple of months. We'd be quite happy if agenda items float about nearer the time that we can work together co-produce some stuff.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Of course.

**James Stockan (Orkney Council):**

Because I do think it's maybe - we're looking for agenda items now. Other things might supersede in that intervening period and we'd like to be involved in the process because this is a slightly shorter agenda than normal because you're leaving earlier. But it's just to make sure we cover all the things that are absolutely the tricky things that we've got coming up.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Okay. Well we can - we remain open to any agenda items that are relevant. This is the Highlands and Islands body. It's for us to - it's the agenda to be shaped here and for us to respond to that so we'll take these ideas, develop them and obviously we remain open to concerning any further ideas. Ian. Yeah.

**Ian Kinniburgh (NHS Orkney):**

I'm just wondering Deputy First Minister if there's an opportunity not necessarily at the next meeting but certainly just to put it on the radar, that there has been a new development in terms of partnership I guess between health and local government with the creation of the new Public Health Scotland body, which will have a - probably rather than a health focus, it will have a genuine public health focus which will stretch across into trying to tackle inequalities at source. It strikes me that that might be something that would be helpful to consider around the table here about how we can look to bring together all those aspects around education, housing transport with the benefits of creating positive health outcomes and how we can work better together in partnership around that particularly in the Highlands and Islands.

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

Grand. Any others? Okay well look. We'll reflect on those agenda items and obviously the team that prepare our meetings and our agenda will formalise that and let us know in advance of the meeting which will take place on 28 October in the Inverness area I'm told.

**Margaret Davidson (Highlands Council):**

Yes. [You can come for holiday].

**John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills):**

That's - there you are, but can I just say in conclusion to colleagues, thank you for your participation in today's events. It's been three really substantive discussions that we've had today which are of enormous value and we'll take forward - there's a number of actions to take forward.

The last discussion obviously is perhaps the most immediate and pressing and obviously ministers are available to discuss any of these questions with partners at any time as information becomes clear and happy to do so. So, thank you all very much. Safe journey home. Thank you to Orkney Islands Council for your hospitality in the hosting of this event which has been as ever magnificent, and we look forward to seeing colleagues again in due course. Thank you.

**END OF MEETING**