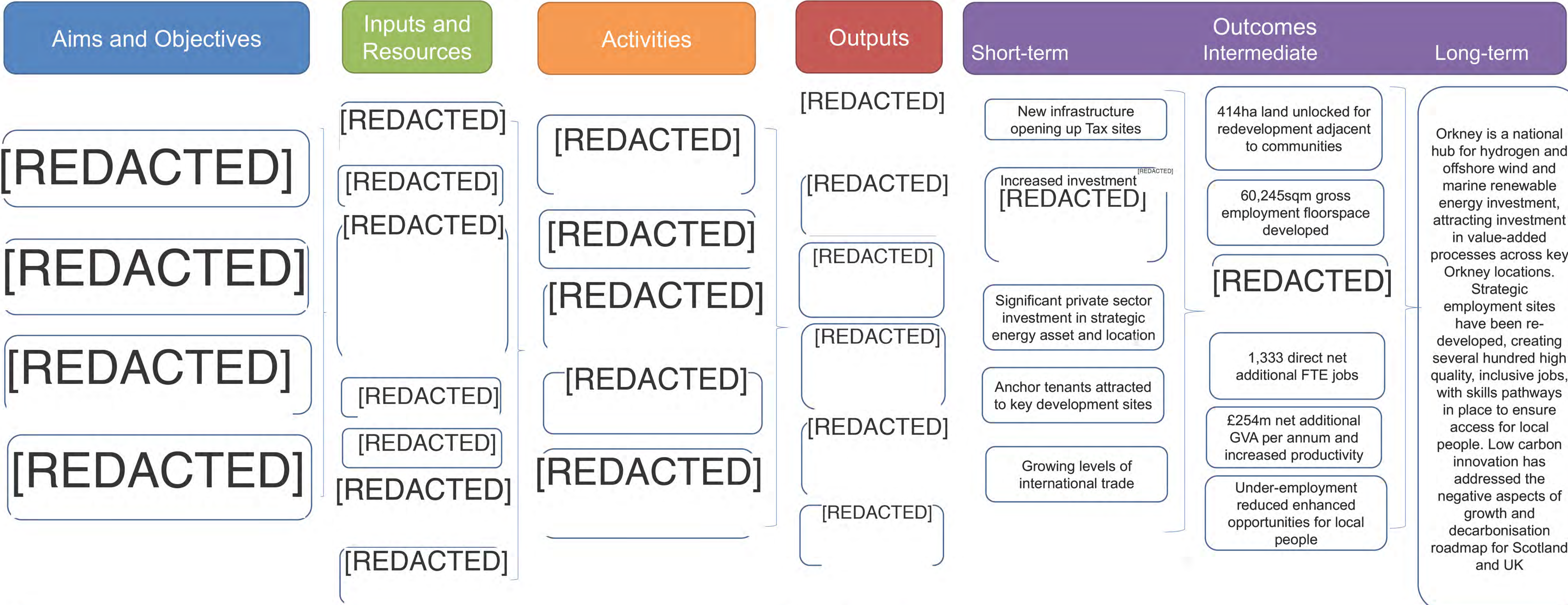


[REDACTED]



Assumptions:

- Continued Government support for Freeport tax incentives and reliefs
- Pipeline of public and private investments for the Freeport area delivered as currently planned

External Factors:

- Post EU trading environment
- Rapid investment in technologies to support the transition from oil and natural gas to low carbon alternatives
- UK Government and Scotland Government net zero commitments

Orkney Green Freeport Submission

Section 2.2

Executive summary

Orkney Green Freeport will enable [REDACTED] market opportunities to be realised, which Orkney is uniquely well placed to deliver. The Orkney Green Freeport will create over 1,300 high quality jobs and enable thousands of employment opportunities across the UK via the outcomes of the infrastructure projects and innovation work undertaken.

Overview of the Orkney Green Freeport

[REDACTED]

[REDACTED]

Orkney has the potential to be an innovative superpower, located at the centre of one of the most productive renewable energy locations in the world. Four universities and the globally respected European Marine Energy Centre (EMEC) are already working together to create a global centre of excellence and Green Freeport status has the potential to significantly accelerate this.

[REDACTED]

generating an additional £254m GVA per annum to the UK economy.

Delivering high quality jobs

The Orkney Green Freeport will help create and sustain over 1,300 new jobs resulting from new investment in key locations [REDACTED]

Employers within the designated investment locations will be required to sign up to an Orkney Freeport Gateway Policy which will require them to demonstrate how their employment practises align with the Scottish Government's Fair Work First criteria and are in line with the Freeport Board's policies with regard to equalities. The NIC reliefs, expected to be worth c.£8m to employers across the Green Freeport will support engagement in work training programmes facilitated by Orkney Green Freeport partners to promote professional development, awareness of key issues and encourage in work solutions to reducing carbon.

[REDACTED]

[REDACTED] investment during construction and support jobs in the Orkney construction sector for many years. [REDACTED] create some 867 jobs once the site is fully developed.

[REDACTED]

[REDACTED]

developed out c 256 jobs resulting in an annual GVA of £8.7m. This site [REDACTED] [REDACTED] when combined with the property construction requirements, will support growth within the Orkney construction sector over many years.

There is also significant job creation potential on the Orkney Green Freeport key investment locations of

[REDACTED]

[REDACTED] will create construction jobs and a small number of

Table 1 – Overview of key projects and economic outputs

[REDACTED]

Orkney green Freeport – delivering decarbonisation and supporting net zero at a national scale

[REDACTED]

Orkney has produced over 100% of its electricity from renewables since 2013, creating the path for 1000s of other islands to follow globally. Tidal energy produces up to 7% of local demand and is currently being used to produce green hydrogen for heat, power and transport applications. In the longer term, Orkney has the opportunity to support and sustain the delivery of 20GW of renewable energy with 100TWh/yr of electricity – sufficient to meet 25% of the UK electricity demand.

[REDACTED]

[REDACTED]

[REDACTED]

The Green Freeport opportunity for Orkney is the chance to secure:

- **recognition** as a centre of excellence, which will attract significant funding;
- **mandate** to lead innovation associated with Green Freeport related activities; and
- **flexibility** to explore new solutions.

The Green Freeport designation will enable EMEC and university partners to develop an Innovation Strategy, building on the projects identified in the £100m Islands Deal, to attract further public and private investment into innovation, R&D and support the commercialisation of new ideas. The expectation is that Green Freeports become hotbeds for innovation and leaders in the UK's mission to achieve net zero.

The opportunity to use Green Freeports to test opportunities for better regulation in transport and energy sectors is also very important. Projects to decarbonise aviation are underway [REDACTED]

[REDACTED]

Orkney Green Freeport will produce a Net Zero Strategy for how it can deliver on its [REDACTED]
[REDACTED]

Establish hubs for global trade and investment

Port infrastructures are central to the Orkney economy. Essential for lifeline services as well as key aspects of the economy including agriculture, aquaculture and tourism. [REDACTED]
[REDACTED]
[REDACTED]

Orkney has experience of attracting new business with the development of the enterprise zone at Hatston Pier which saw the development of a number of business units aimed at SMEs in the marine renewables sector – the site is positioned with marine access to the initial EMEC tidal test locations to the north off the island of Eday.

Orkney's trade is with the UK in terms of imports and exports. Imports relate to the goods required to sustain the general population as well as key sectors to the economy. The majority of imports and exports are via the Northlink Ferry services to Scrabster and Aberdeen.

[REDACTED]

[REDACTED]

Details are not yet known regarding the chosen technology for the consented ScotWind development sites, but components are expected from global supply chains who will find advantage in co-locating in proximity to the deployment locations. [REDACTED]

[REDACTED]

Foster an innovative environment

The Orkney community, as an island community is naturally collaborative and solutions focused. This approach extends to the innovation community and its approach to shared projects and innovation programmes. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Why a Green Freeport is the right public intervention

There are two principle reasons why Green Freeport is the right intervention:

- the Seed Investment Funding, Tax Increment Finance and financial incentives, will stimulate investment in pro-active infrastructure investment to help attract business to invest to take advantage of the established infrastructures; and
- the designation itself will confirm the attractiveness of the location for investment in new infrastructures and support the investment case [REDACTED]

[REDACTED]

Specifically, the incentives are necessary to:

- overcome timing, risk and delivery challenges with investing in 100-year infrastructures supported by short-medium term demand requirements;
- unlock development and employment sites by addressing abnormal costs associated with infrastructure needs on the land side and in a marine context;
- help 'level up' access to island opportunities by supporting the costs of new roles based on the islands with NIC reliefs;
- capital allowances and business rates relief enhance the development appraisal enabling property to be developed ahead of occupier demand and therefore attracting occupiers quicker than would be the case;
- seed investment can unlock co-investment [REDACTED]
[REDACTED] and
- seed investment can increase the attractiveness and de-risk key innovation proposals, accelerating deployment and reducing the timeframe for private sector investment.

The Orkney economy features high levels of employment but also high levels of underemployment with people working several casual or seasonal roles to support their household incomes. Orkney also suffers from the loss of young people unable to find suitable opportunities to pursue their education and careers locally. The Green Freeport is an opportunity to prepare a dedicated Skills Plan (linked to the Tax Site Development Plans and Innovations Plan) to ensure that as many school leavers as possible are enrolled on further and higher education opportunities and able to access high quality sustainable jobs of interest.

The Orkney economy is also heavily reliant on outdated port infrastructures and key aspects are in need of being modernised and extended. [REDACTED]

[REDACTED]

Links to government strategies

The Orkney Green Freeport will make a significant contribution to achieving Government objectives, such as:

- **Levelling Up:** the Green Freeport contributes to achieving several of the UK Government's Levelling up missions. Individuals on the islands are often reliant on holding several casual or seasonal jobs to support their incomes. The Freeport will provide well-paid, secure, full time local employment opportunities, boosting Orkney's productivity. As a result, living standards are boosted by increased GVA on the islands and well-being is bolstered by reducing stress and anxiety around access to work, contributing to UK-wide missions 1 and 8 in the White paper.

- Scotland's National Strategy for Economic Transformation:** The Scottish government's strategy for economic transformation contains a vision of a well-being economy thriving across economic, social and environmental dimensions, with an ambition to build a fairer, wealthier and greener economy. The Orkney Green Freeport will provide new market opportunities [REDACTED]
[REDACTED] Additionally, the Freeport will be part of creating a skilled workforce and a more equal society, with employers and Green Freeport Partners having to sign up to key Freeport Agreements, such as a Gateway policy to ensure fair employment and training opportunities across the community.
- Scotland's Vision for Trade:** The Scottish Government's vision for trade lays out the principles and values on which Scotland wishes to conduct its trade. Five principles are laid out: inclusive growth, wellbeing, sustainability, net-zero, and good governance. The proposed Orkney Green Freeport will embody these principles as a hub for exporting innovative knowledge and technology in renewable energy generation. The Green Freeport Board and Management Team will ensure good governance and community wellbeing are maximised.
- Scotland's Inward Investment Plan:** The Plan sets out how to attract inward investment in a way that aligns with the nation's values of creating fair work, net-zero, technologically driven and high-value wellbeing economy. The Freeport will encourage global investment [REDACTED]
[REDACTED] as well as the supporting infrastructure and services. These projects will use technological innovation to be part of creating a net-zero Scottish economy.
- Scotland's 2050 Energy Strategy and UK Net Zero Strategy:** The acceleration of innovation in marine renewables, offshore wind development (and associated infrastructure) alongside hydrogen manufactured from renewable sources will make a significant and measurable contribution to national energy and net zero ambitions.

Orkney Green Freeport - Implementation Plan





ORKNEY
ISLANDS COUNCIL

Risk Management Policy and Strategy

2020 to 2022

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Document Control sheet.

Review / Approval History.

Date.	Name.	Position.	Version Approved.
11 December 2018.	General Meeting of the Council.	N/A.	Version 1.0.
6 October 2020.	General Meeting of the Council	N/A	Version 1.1.

Change Record table.

Date.	Author.	Version.	Status.	Reason.
October 2018.	[REDACTED].	1.0.	Final.	Reviewed and updated earlier version.
July 2020.	[REDACTED]	1.1.	Final.	Reviewed and updated earlier version.

1. Policy Statement

The Council understands that it is important to recognise and manage the many risks which are inherent in its activities, and in the services which it provides for the benefit of the community. The Council has therefore adopted this policy on risk management, has established the attached Risk Management Strategy and has implemented procedures in support of the policy and strategy.

The Council wishes to acknowledge that risk can never be eliminated in its entirety. The Council also wishes to recognise that managing risk can also identify positive opportunities which, with the appropriate level of control, may lead to service improvements. Therefore, the measures which the Council adopts are principles of good management practice which seek to control and balance risk and opportunity.

Specifically, in the area of risk management, the Council seeks to:

- Always meet its statutory obligations, and to act within the law.
- Safeguard the public at large, the Council's members, employees, pupils, tenants and all persons to whom the Council has a duty of care.
- Protect its property, including buildings, equipment, vehicles or any other assets and resources.
- Preserve and enhance service delivery.
- Maintain effective control of public funds.
- Maintain and enhance the Council's reputation.
- Safeguard and enhance the quality of Orkney's environment.

The Council will promote these objectives by systematically identifying, evaluating, and thereafter seeking to control and monitor all risks which would potentially endanger, or which could have a detrimental effect upon the aims and objectives stated above.

The Council will support its members and officials in developing the necessary skills and competencies to enable the provision of good quality risk management to the Council.

2. Introduction

The objective of this strategy is to ensure that risk management is an integral part of the Council's corporate and service management, forms part of the Council's governance, planning and service delivery operations and allows for monitoring and reporting on the effectiveness of that strategy.

The strategy acknowledges that risks occur at all levels of the Council's functions and activities and includes strategic or corporate risks as well as innumerable operational risks.

Risk management is part of the Council's Strategic Planning and Performance Framework, and the monitoring of risk is part of the Council's Corporate Performance and Risk Management System.

3. Terminology

Governance.

The system by which local authorities fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

Risk.

The chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. This can be further defined as “the combination of the likelihood of an event occurring (or not occurring, as the case may be) and its impact on the organisation”.

Risk Management.

The planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the organisation and to ensure the continued financial and organisational well-being of the Council. All organisations exist to achieve their objectives. The purpose of risk management is to manage the barriers in achieving these objectives.

Good risk management.

Having a process in place that can identify what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If something does go wrong, which inevitably happens, making sure that the impact is kept to a minimum. Good risk management is successfully managing the barriers to achieving objectives.

4. Objectives

Orkney Islands Council is committed to establishing and maintaining a systematic approach to the identification and management of risk.

The Council’s risk management objectives are to:

- Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the Council.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Consider compliance with health and safety, insurance and legal requirements as a minimum standard.
- Prevent death, injury, damage and losses, and reduce the cost of incidents and accidents.
- Inform policy and operational decisions by identifying risks and their likely impact.

- Raise awareness of the need of risk management by all those connected with the Council's delivery of service.
- Recognise that good risk management also includes positive risk taking and the identification of opportunities.

These objectives will be achieved by:

- Clearly defining the roles, responsibilities and reporting lines within the Council for risk management.
- Setting out clear risk management processes.
- Continuing to demonstrate the application of risk management principles in the activities of the Council, its employees and members.
- Reinforcing the importance of effective risk management as part of the everyday work of employees and members.
- Maintaining a register of risks linked to the Council's business, corporate and operational objectives, including those risks linked to working in partnership.
- Maintaining documented procedures of the control of risk and provision of suitable information, training and supervision.
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the Council's ability to function.
- Monitoring arrangements continually and seeking continuous improvement.

5. Approach

It is essential that a single risk management approach be utilised at all levels throughout the Council. By demonstrating good governance through effective management of risks and opportunities, we will be in a stronger position to deliver our objectives, provide improved services to the public, work better as a partner with other organisations and achieve value for money.

This approach to risk management will inform the Council's business processes, including:

- Strategic planning.
- Financial planning.
- Service planning.
- Policy making and review.
- Performance management.
- Project management.
- Partnership working.

It is essential in order to achieve the objectives referred to in section 4 that processes are in place to identify and assess risks and opportunities, develop and implement controls and warning mechanisms, and to review and report on progress.

The identified risks and relevant control measures will be managed through the Council's Corporate Risk Register.

6. Benefits diagram.



7. Status of Risk Management

Risk management is as much a part of the duties of Council officials as, for example, the control of budgets or the deployment of staff and assets. It is one of many substantive issues to be considered by elected members when making decisions. If the Council is to have reasonable assurance that risk management is effective, and is effectively part of the Council's operations, risk management must be carried out in a systematic and structured manner and be subject to monitoring and reporting on its effectiveness.

8. Management Arrangements

Risk management is a part of service and corporate management and accordingly should be integrated as far as possible within normal management processes.

The Chief Executive will have overall responsibility for the management of risk within Orkney Islands Council. In practice, this responsibility will be deferred to the four Executive Directors.

Executive Director, Corporate Services will have responsibility for ensuring that the Council's Risk Management Strategy, Policy and Corporate Risk Register are maintained and regularly reviewed. Risk owners will clearly be identified within the register. The Corporate Risk Register will be reviewed biennially or where a new risk is identified. The reviewed Corporate Risk Register will be presented to the Senior Management Team for approval and thereafter to the Policy and Resources Committee.

Executive Directors will have responsibility for ensuring a risk register is compiled and maintained in respect of their Service. Service Risk registers will be reviewed biennially or where a new risk is identified. Any identified risk which falls out with the risk tolerance level will be escalated to the Corporate Risk Register.

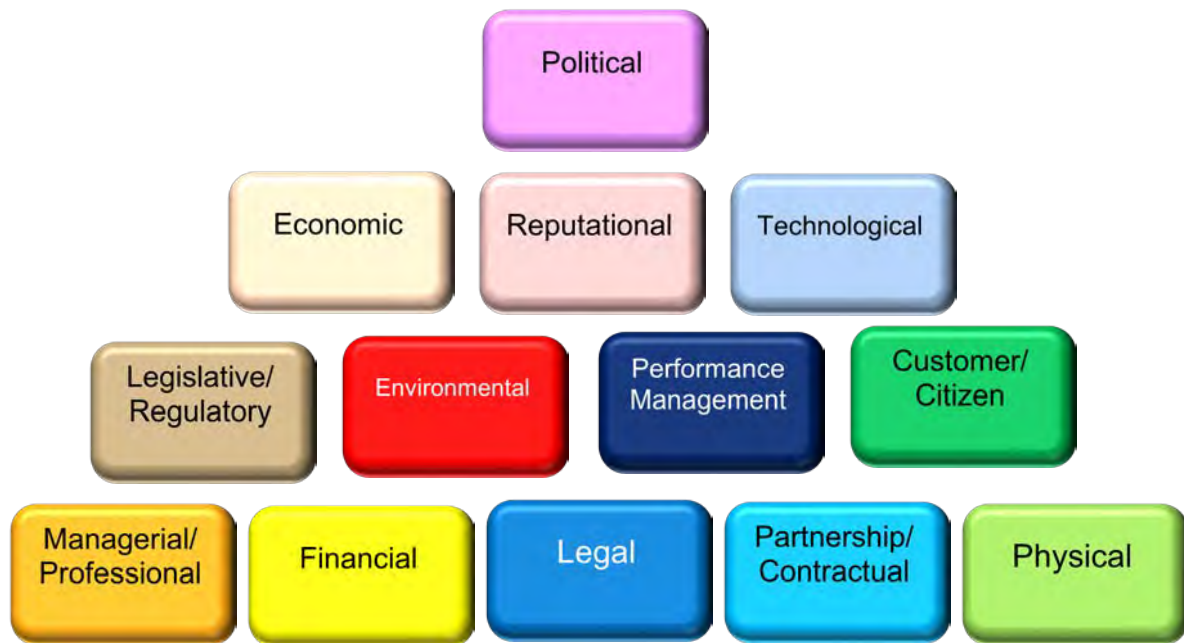
Heads of Service will be responsible for ensuring a risk register is kept of all risks falling within their service and that service risk registers are reviewed biennially or where a new risk is identified. Risks which fall out with the risk tolerance level will be escalated to the respective Service Risk Register.

Senior Management Team shall:

- Determine the levels of risk and outcomes that are tolerable and acceptable to achieve the Council's objectives.
- Provide advice to elected members on the type and amount of risk to accept when making policy decisions.
- Assume ownership of the corporate risks recorded in the Corporate Risk Register.
- Carry out a strategic overview of the Corporate Risk Register at least biannually.
- Promote and support the implementation of the risk management policy and strategy throughout the Council.

Identified risks will be allocated to an officer and each risk will be accompanied by an assessment of whether the risk will be tolerated, treated, terminated or transferred. Registers will be accompanied by an action plan, highlighting the means by which the assessment will be achieved.

Identified risks will be divided into the appropriate cluster heading as follows:



It is acknowledged that there are some aspects of operational risk management which would benefit from corporate support and co-ordination. There is also a need for the Council to be able to demonstrate that risk management arrangements are effective, through the Corporate Performance and Risk Management system.

The Integration Joint Board commissions integrated health and care services from both the Council and NHS Orkney, managed through Orkney Health and Care's senior management team. To avoid duplication, this integrated service may follow the risk management system and documentation currently operated by either the Council or its partner, NHS Orkney. However, the monitoring and accountability procedures in respect of the Council remain the same.

The Performance and Risk Management Group will consist of at least one representative from each Service of the Council. This will not be a decision-making body, as recommendations would be referred to the Senior Management Team and, as necessary, to the relevant service committee or in relation to Orkney Health and Care, to the Integration Joint Board or a service committee or sub-committee established with an appropriate remit.

The Risk Management Policy and Strategy should be reviewed every two years.

9. Business Continuity

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The Council must ensure risk management processes are applied throughout the business continuity lifecycle.

10. Monitoring and Accountability

Formal monitoring and accountability procedures should form an integral part of the risk management process, covering the following three main issues:

- Delivering the risk management strategy.
- Implementing risk management action plans, both corporate and service.
- Determining whether the action planning is making a difference to the risk, as appropriate.

The following monitoring arrangements are in place:

- Risk registers are presented to the relevant committee or board annually to advise members of the risks which may affect the achievement of the Council's strategic objectives.
- Service risks are monitored through the Corporate Performance and Risk Management System so that any performance risks are highlighted to the Senior Management Team through exception reporting.
- Ensuring that the Performance and Risk Management Group continues to be an effective and streamlined means of maintaining an overview of risk management and supporting corporate consistency in the implementation of the risk management policy.
- Internal Audit's role may include the auditing of the risk management process across the Council and the reporting on the efficiency and effectiveness of internal controls.