

# **Scotland's National Strategy for Economic Transformation**

## **Screening Island Communities Impact Assessment**

March 2022



Scottish Government  
Riaghaltas na h-Alba  
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## Island Communities Impact Assessment Template

Please ensure this template is completed in conjunction with the Island Communities Impact Assessment (ICIA) Guidance on the [Scot Gov Website](#)

Name of Policy, Strategy or Service	Scotland's National Strategy for Economic Transformation
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### Step One – Develop a Clear Understanding of your Objectives

<ul style="list-style-type: none"><li>• What are the objectives of the policy, strategy or service?</li><li>• What are the intended impacts/ outcomes and how do these potentially differ across the islands?</li></ul>	<p>We will transform the Scottish economy over the next decade through the delivery of the following policy programmes:</p> <ul style="list-style-type: none"><li>• Entrepreneurial People and Culture: Establish Scotland as a world-class entrepreneurial nation founded on a culture that encourages, promotes and celebrates entrepreneurial activity in every sector of our economy;</li><li>• New Market Opportunities: Strengthen Scotland's position in new markets and industries, generating new, well-paid jobs from a just transition to net zero;</li><li>• Productive Businesses and Regions: Make Scotland's businesses, industries, regions and communities and public services more productive and innovative;</li><li>• Skilled Workforce: Ensure that people have the skills they need at every stage of life to have rewarding careers and meet the demands of an ever-changing economy and society, and that employers invest in the skilled employees they need to grow their businesses; and</li><li>• Fairer and More Equal Society: Reorient our economy towards wellbeing and fair work, to deliver higher rates of employment and wage growth, to significantly reduce structural poverty, particularly child poverty, and improve health, cultural and social outcomes for disadvantaged families and communities.</li></ul> <p>We will deliver these programmes of action through a sixth programme of delivery that will introduce a new streamlined delivery model in which all participants are clear about their roles and accept accountability for their actions:</p>
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- A Culture of Delivery: Ensure we successfully deliver the interconnected programmes of action set out in this strategy and transform the way in which the Government and business listen to, support, and work with each other.

These programmes will achieve the following intended outcomes, where Scotland will be recognised at home and throughout the world as:

- an international benchmark for how an economy can transform itself and de-carbonise whilst creating more, well-paid and secure jobs, and developing new markets based on renewable sources of energy and low carbon technology;
- a great place to live and work, with high living standards and a vibrant, diverse culture in which all sectors of the economy work to eliminate the scourge of poverty;
- the best place to start a business or social enterprise;
- a leader in its chosen areas of research and development, collaborating with other centres of excellence across the world and using these strengths to stimulate business opportunities;
- a country where economic opportunities are distributed fairly across our regions, cities and towns, rural and island communities because they have the opportunity and power to determine and deliver on the priorities that work for them;
- a magnet for inward investment and global private capital;
- an outward looking nation, engaging internationally, exerting a meaningful influence on the policies, trends and events that shape our world; and
- a nation where people can continually upgrade their skills and help shape their workplaces to navigate a changing economy, and where employers have the supply of skills they need and fully utilise these to grow and take advantage of opportunities.

The intention is that eventual outcomes do not differ across the islands, nor between mainland and islands, otherwise we will not have achieved greater regional equality, improved health and social outcomes, and the increased skills access for disadvantaged communities that we seek. However, there may need to be differences of approach, and differences in impact across different geographic areas as regions have their own unique strengths and challenges and will require different solutions to create the desired equality of outcome.

Differences in geographic approach will be of particular relevance to island communities who have distinctive economic challenges in areas such as transport or population. These distinctive issues are contained within the 13 Strategic Objectives of the [National Islands Plan](#).

A successful economy is critical to achieving the Scottish Government's wider ambitions for our country. This strategy supports us to deliver the outcomes described in our National Performance Framework; it lies at the heart of our Programme for Government and our Covid Recovery Strategy; and it will set the context for future Spending Reviews and capital investment plans in the years ahead.

## Step Two – Gather your Data and Identify your Stakeholders

<ul style="list-style-type: none"><li>• What data is available about the current situation in the islands?</li><li>• Who are your key Stakeholders?</li><li>• How does any existing data differ between islands?</li><li>• Are there any existing design features or mitigations in place?</li></ul>	<p>We have assessed a range of data regarding the current situation in the islands, including: regional economic performance (GVA per capita); levels of workless households; child poverty rates; sectoral analysis including skills shortages, skills gaps, labour market inactivity, wage distribution, and productivity differences; qualification levels; regional entrepreneurship distribution, high-growth distribution, and business birth rates; regional productivity distribution; transport connectivity; port and cargo performance; and regional trade performance.</p> <p>Key stakeholders are: the Industry Leadership Groups (ILGs), the Regional Economic Partnerships (REPs), and island industry operators and stakeholders. We also carried out consultations with a variety of national stakeholders.</p> <p>For full details of how the data differs between islands see NSET: Evidence Paper <a href="https://www.gov.scot/isbn/9781804351475">https://www.gov.scot/isbn/9781804351475</a></p> <p>Existing policies and strategies, such as those detailed in Step 5, will have existing design features and mitigations in place.</p>
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## Step Three - Consultation

<ul style="list-style-type: none"><li>• Is there are information already gathered through previous engagements?</li><li>• How will you carry out your consultation and in what timescales?</li></ul>	<p>With the formulation of a plan or strategy we typically seek input and contributions during the process to help shape the overall plan rather than undertaking a formal consultation as is required by legislative proposals. Alongside our key stakeholder engagement, we carried out a semi-formal consultation whereby members of the public and stakeholders were invited to share their views, suggestions and opinions on the development of Scotland's National Strategy for Economic Transformation by emailing their contributions to a designated mailbox over a period of 9 weeks.</p>
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<p>Public meetings/Local Authorities/key Stakeholders</p> <ul style="list-style-type: none"> <li>• What questions will you ask when considering how to address island realities?</li> <li>• Separate consultation events for Island communities/Local Authorities?</li> </ul>	<p>We have consulted with island industry stakeholders, including: Barra Distillery, Bùth Bharraigh Ltd, Orkney Cheese, Bute Island Food, Scottish Salmon Company, David MacBrayne Ltd, Scottish Salmon Producers, and Transport Scotland. We also consulted ILG representatives including Aerospace and Defence, Aquaculture, Creative Industries, Construction, Food and Drink, Forestry and Timber, Life Sciences, Oil and Gas, Textiles and Leather, and Tourism.</p> <p>These meetings took place between June and November 2021.</p> <p>The majority of stakeholders attended individual meetings where we shared an FAQ and a slide pack detailing the strategy, which evolved as the consultation process moved forwards, and where they then had the opportunity to put forward their concerns and ask questions. Example pack (NSET - Young People and Partners presentation and NSET – Engagement Q&amp;A) is available as supporting documents to this publication.</p> <p>The ILGs were asked to outline the industry aspirations to 2030; the industry opportunities; industry challenges; planned and ongoing activity for the industry; areas or regions which the industry was prioritising; and work being undertaken to address cross-cutting drivers such as net zero, skills, and innovation. That information is published in NSET: Evidence from Industry Leadership Groups and Sector Groups <a href="https://www.gov.scot/isbn/9781804351468">https://www.gov.scot/isbn/9781804351468</a></p> <p>The REPs were asked to outline the regional aspirations to 2030; the regional opportunities; the regional challenges; and planned and ongoing activity for the region. That information is published in NSET: Evidence from Regional Economic Partnerships <a href="https://www.gov.scot/isbn/9781804351451">https://www.gov.scot/isbn/9781804351451</a></p> <p>We have consulted H&amp;I Local Authorities, Highlands and Island Enterprise, Coastal Communities Network, the Highlands and Islands Regional Economic Partnership, and the Convention of the Highlands and Islands amongst others.</p>
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## Step Four - Assessment

<ul style="list-style-type: none"><li>• Does your assessment identify any unique impacts on island communities? (Further detail in the Guidance):<ul style="list-style-type: none"><li>– Demographic</li><li>– Economic</li><li>– Gaelic</li><li>– Social</li></ul></li><li>• Does your assessment identify any potential barriers or wider impacts?</li><li>• Are there mitigations already in place for these impacts raised?</li></ul>	<p>No. There will be positive economic and social impacts on rural and island communities, particularly through the transition to net zero, through safeguarding natural capital, and through increased skills provision but these are not unique to islands - it is intended that there will be similar impacts on the mainland as well. Some sectoral strategies will impact islands, particularly those such as Aerospace (Orkney) and Aquaculture, but there will also be similar impacts in other locations for the aerospace industry and in other coastal regions for the aquaculture and life sciences sectors.</p> <p>No. NSET should not create potential barriers nor have wider negative impacts on island communities.</p> <p>Any negative impacts already identified through the work of NSET's underlying strategies and development policies should have the necessary mitigations in place.</p> <p>However, as noted above, NSET is a ten year vision and strategy that sets out a direction of travel and framework for a wide range of programmes and policies. As future work is taken forward, future assessments may identify potential barriers or impacts and potential mitigations will therefore be developed as applicable.</p>
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## Is a full Island Communities Impact Assessment required?

You should now determine whether, in your opinion, your policy, strategy or service is likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities). To form your opinion, the following questions should be considered:

<ul style="list-style-type: none"> <li>• Are there mitigations in place for the impacts identified and noted above from stakeholders and community consultations? (If further ICIA action is not required, complete the section below and publish).</li> <li>• Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as levels of satisfaction, or different rates of participation)?</li> <li>• Are these different effects likely?</li> <li>• Are these effects significantly different?</li> <li>• Could the effect amount to a disadvantage for an island community compared to the mainland or between island groups?</li> <li>• If your answer is 'no' to the above questions, please complete the box below.</li> <li>• If the answer is 'yes', an ICIA must be prepared and you should proceed to Step 5.</li> </ul>	<p>The strategy does not sit in isolation from the wider Programme for Government and the existing work in which the public sector and other actors in the economy are already engaged. This strategy shows how our economic plans are aligned with, and critical to, the delivery of the Scottish Government's broader agenda including the direction set out in the Covid Recovery Strategy, the Programme for Government, the National Planning Framework, the Child Poverty Delivery Plan, our Climate Change Plan update and the Second Strategic Transport Projects Review.</p> <p>Each of these underlying policies, including those not listed above, will hold individual mitigations and differing circumstances according to their focus, but NSET itself does not. As NSET is a ten year vision and strategy, it sets out a direction of travel and framework for a wide range of programmes and policies. As this work is taken forward, it will necessitate development of relevant impact assessment requirements, including ICIAs, at the appropriate time.</p> <p>The Programme of Actions identified in NSET is intended to drive Scotland's overall economic prosperity to the benefit of all our people and places. However, just as every person is an individual with particular characteristics and circumstances, their experiences of economic activity and the impact that Scotland's economy has on their lives are different. The intention is that eventual outcomes do not differ across the islands, nor between mainland and islands, otherwise we will not have achieved our aims of greater regional equality, improved health and social outcomes, or</p>
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	<p>increased skills access for disadvantaged communities, for example. To achieve these, there may need to be differences of impact or differences of experience across different areas as regions will require different solutions to create this desired equality of outcome. However, these experiences will not be unique to island communities and the effects will not amount to a disadvantage for an island community compared to the mainland, nor between island groups.</p>
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### **A full Islands Community Impact Assessment is NOT required**

<p>In preparing the ICIA, I have formed an opinion that our policy, strategy or service is <b>NOT</b> likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities). The reason for this is detailed below.</p>
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<p>Reason for not completing a full Islands Communities Impact Assessment:</p>
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<p>NSET will provide a national policy framework aiming to guide economic policy development over the course of the next ten years. We will finalise detailed delivery plans within six months of publication of the strategy, setting out how the programmes will be taken forward. We have made a commitment to ensure delivery plans and their actions take full account of different regional circumstances, especially in rural and island areas. As this work is taken forward, it will necessitate development of relevant impact assessment requirements, including ICIA's, at the appropriate time. Specific policy and/or legal provisions will be considered, developed and implemented in order to achieve the NSET Vision, Ambition and the six Programmes of Action.</p>
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<p>Some differences of impact or differences of experience across different regions may occur. Island communities face unique economic challenges which will need to be considered. However, the intention is to achieve equality of outcome and so our view is that these differences should be further explored at a point when specific policies and/or legal provisions outlined in the NSET strategy are developed to ensure a comprehensive assessment of any potential impact on island communities.</p>
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Screening ICIA completed by (name)	Dr Jennifer Treasure
Position	Economic Insights Manager
Signature and date	Jennifer Treasure, 9 February 2022
ICIA authorised by	Dr Gary Gillespie
Position	Chief Economist
Signature and date	Gary Gillespie, 21 February 2022



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The Scottish Government  
St Andrew's House  
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ISBN: 978-1-80435-138-3 (web only)

Published by The Scottish Government, March 2022

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA  
PPDAS1037910 (03/22)

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