

**TRANSCRIPT OF THE MEETING OF THE CONVENTION OF THE HIGHLANDS
AND ISLANDS HELD IN OBAN ON 30 OCTOBER 2018**

Present:

Alex	Alexander	North Ayrshire Council
George	Alexander	Moray Council
Bill	Barron	The Crofting Commission
Donna	Bell	Scottish Government
Amanda	Bryan	Forestry Commission Scotland
Malcolm	Burr	Comhairle nan Eilean Siar
Aileen	Campbell	Minister for Public Health and Sport
Seonag	Campbell	Skills Development Scotland
Mike	Cantlay	Scottish Natural Heritage
Gary	Coutts	UHI
Lorne	Crerar	Highlands and Islands Enterprise
Ron	Cully	Western Isles IJB
Margaret	Davidson	Highland Council
Fraser	Durie	Argyll College UHI
Leslie	Evans	Perm Sec – Scottish Government
Fergus	Ewing	Cab Sec for Rural Economy & Connectivity
Alex	Gallagher	North Ayrshire Council
Stuart	Green	Argyll and Bute Council
Steven	Hedde	COSLA
Alan	Johnston	Scottish Government
John	Kemp	SFC
Bill	Lobban	Highland Council
Anna-lee	May	NHS Highland
Elaine	Mead	NHS Highland
Elinor	Mitchell	Scottish Government
Grant	Moir	Cairngorms National Park
Aileen	Morton	Argyll and Bute Council
Gary	Mulvaney	Argyll and Bute Council
Allan	MacDonald	Bord na Gaidhlig
Norman	MacDonald	Comhairle nan Eilean Siar
Roddie	Mackay	Comhairle nan Eilean Siar
Rod	Mackenzie	The Crofting Commission
Mary	McAllan	Scottish Government
John	McClelland	Skills Development Scotland
Calum Iain	Maciver	Comhairle nan Eilean Siar
Calum	McKeiver	Highlands and Islands Enterprise
Mike	Phillips	NHS Shetland
Ralph	Roberts	NHS Shetland
Stuart	Robertson	Highlands and Islands Enterprise
Calum	Ross	VisitScotland
Michael	Russell	Minister for UK Negotiations on Scotland's Place in Europe

Cecil	Smith	Shetland Islands Council
Cleland	Sneddon	Argyll and Bute Council
James	Strachan	Highland Council
James	Stokan	Orkney Islands Council
John	Swinney	DFM & Cab Sec Education & Skills
Chris	Taylor	VisitScotland
Bill	Warren	Highland Council
Christina	West	Argyll and Bute HSCP
Charlotte	Wright	Highlands and Islands Enterprise
Humza	Yousaf	Minister for Transport & the Islands

John Swinney: Can I welcome everyone to the meeting of the Convention of the Highlands and Islands and can I thank Argyll & Bute Council for hosting this meeting today. We'll hear from Councillor Aileen Morton just in a second but thank you very much for the arrangements around the meeting today. We've got an extensive agenda which I'll go through in a moment- but this is a very welcome opportunity for us once again to take stock on a number of significant issues affecting all of the communities in the Highlands and Islands – the government attaches significant importance to the dialogue that takes place here – and a number of my Ministerial colleagues – I'm joined so far today by Fergus Ewing the Rural Economies Secretary and Mike Russell the Minister for the Negotiations on Brexit – we'll also be joined in the course of the day by Humza Yousaf the Transport and Islands Minister and by Aileen Campbell the Public Health Minister and we're also joined by the Permanent Secretary Lesley Evans – who is with us today – and very welcome to take part in our proceedings. We look forward to our conversations and discussions today and Aileen could I ask you to say a few words:

Aileen Morton: Thank you very much Deputy First Minister. As leader of Argyll & Bute Council I am delighted to welcome you all here to Oban for the first session of the Convention of the Highlands and Islands since the local government elections back in May. There's obviously quite a number of representatives from Argyll & Bute Council here including the chief executive and my depute leader Councillor Mulvaney but on behalf of the everyone at Argyll & Bute Council I wish you a very warm welcome indeed to our area. If you have been watching the Country Council on the BBC you will have seen that this is great place to live and visit – every one of our communities is very different but they're all equally fabulous. We're here today in Oban which is a very fitting location for today's meeting when you consider the agenda in particular the item what makes a thriving rural economy. Oban is a centre point for the surrounding villages and islands and it's a prime example of a thriving rural economy. One of its key roles is as a transport hub – piers, roads, trains and airport all play their part in carrying visitors, essential supplies and workers and much more between Oban, our islands and even further afield. You will see how we're making most of the opportunities brought in by the sea by with our new pontoons ready to receive visiting yachts in Oban Bay - which can be seen from the windows in the coffee room. You will also see newly

regenerated public spaces – the result of millions of pounds of investment by the council - and already bringing in real benefits. Recently the town has also seen significant amounts of inward investment such as in the Perle Hotel – where tonight’s reception will be held – blending together this public and private sector investment to drive forward development is a crucial part of supporting and growing the rural economy - I’m sure you will all agree – but we also have many other areas of interest to discuss here today and I look forward to the formal discussions and also the chance just to discuss informally how we can work together to improve the future for all areas of the Highlands and Islands and I hope you enjoy your time today.

John Swinney: Thank you very much Aileen. Having stayed in the Perle Hotel last night I have to say it’s a very welcome investment in Oban. There’s quite a number of new faces around the table today - so I think we’ll just go round so that everybody knows who everybody is as we go round the table – so John Swinney, Deputy First Minister, Mike Russell, Minister for UK Negotiations for Scotland’s Place in Europe and the MSP for Argyll & Bute, Fergus Ewing Rural and Connectivity, Leslie Evans Permanent Secretary to the Scottish Government, Norman MacDonald Western Isles Council, Mary McAllan, Director of Economic Development in the Scottish Government, Alex Alexander, Portfolio Holder of the Economy and the Islands, North Ayrshire Council, Calum McKeiver Director of Highlands and Islands Enterprise, John McClelland Chairman of Skills Development Scotland, Seonag Campbell, regional skills manager for Skills Development Scotland for the North Region, Amanda Bryan, Forestry Commission Scotland, Fraser Durie Principal of Argyll College UHI part of the University of the Highlands and Islands, Margaret Davidson, the Leader of Highland Council, Bill Warren, the Convener of Highland Council, Callum Ross, VisitScotland, John Kemp from the Scottish Funding Council, Cecil Smith Leader of Shetlands Council, James Strachan Leader of Highlands Council, Rod MacKenzie the Convener of the Crofting Commission, Mike Phillips, Chief Executive of NHS Shetland, Alan MacDonald Chair of Bord na Gaidhlig, Gary Coutts, Chair of UHI, George Alexander Leader of Moray Council, Roddie Mackay Leader of Western Isles Council, Anna-lee May, Chief Executive NHS Highland, Mike Cantlay, Chair of Scottish Natural Heritage and Scottish Funding Council, Eleanor Mitchell, Director for Agriculture and the Rural Economy in the Scottish Government, Lorne Crerar, Chairman of Highlands and Islands Enterprise, Charlotte Wright, Chief Executive of Highlands and Islands Enterprise, Cleland Sneddon, Chief Executive of Argyll & Bute Council, Aileen Morton leader of Argyll & Bute Council – ok thank you very much and as I said earlier on we’ve got a very extensive agenda today looking in the first session at Scotland’s place in Europe followed by a discussion around the components of a thriving rural economy, the prospects for the Highlands and islands post-2020, a discussion on digital and rural connectivity – which has been a recurring theme for us here and one which is of critical significance – health and social care integration and finally education reform. So we’ve got quite a number of substantive topics to discuss and in amongst the discussion on the Highlands and Islands post-2020 a number of key areas of policy development around the national transport strategy and the enterprise and skills review. So there’s an opportunity for us to take forward a number of these different questions. I should point out that at the meeting in Shetland we piloted the concept of a full written transcript of the discussion – that’s been presented here to members today – I think generally the feedback we’ve had is that was a welcome step - so we propose to do it again today and if everyone’s

comfortable with that - it comes with the warning that everything you say will be taken down in evidence and produced thereafter - so to my Ministerial colleagues I'll just give the gentle caution of watch what you say today because it's all being recorded. If we can look for a moment at the outcomes tracker which is issued along with the papers for today – there's a number of themes: obviously the enterprise and skills review we will come to in due course – on energy the draft energy strategy was consulted upon and the consultation concluded on 30 May 2017 – the results are now being considered by government and we expect to publish the final energy strategy by the end of 2017 - which will obviously feed into the climate change plan into the bargain – we've taken forward a number of steps arising out of the discussions we've had around this table for some time around the question of renewables - in particular around the issues on island connectivity where we've seen the signs of an improvement in the opportunities that are emerging. I think it's important for us to record at this stage that the persistent focus and dialogue around this table has been of significance in helping to advance that argument with the United Kingdom Government - and I don't know if Roddie if you want to say anything or any of the island leaders about the situation as you see it just now in relation to the recent announcements that have been made.

Roddie MacKay: The announcements have been very encouraging and very positive. We continue to engage with developers and with all those interested parties that are involved in trying to bring this to pass. All the pressure that comes through this forum - like any other forum – has been very important and very significant and it's great to see where we've reached today. In terms of what the developers and SSE etc. - they all seem totally committed and totally happy with the way things are progressing in terms of the Conservative manifesto commitments and we would say that at this stage we have been closer than ever to what we're seeking to achieve - so far so good - and we welcome the support around this table.

John Swinney: James:

James Stokan: Thank you very much. I would just like to say thank you very much to Fergus Ewing for all the effort he's put in over the past because I think perseverance has paid off in the long run. We have a huge opportunity but we must make sure that we get this community benefit - the whole value for our economy - built into this - and I think we need to work collectively and closely with the UK Government to make sure that's achieved so that we don't end up with unforeseen consequences.

John Swinney: Any other observations? I think the one point that I would add – I don't know if you want to add anything to what I'm going to say – I think the importance of having got as far as we've now got on this question I think the importance of ensuring that we are in a position to line up all the necessary interventions we possibly can do to put together a compelling proposition is what should guide what we're doing. So your observation Roddie about the importance for example of good dialogue with developers - critically the relationship – the role of local authorities and the Scottish Government in trying to bring people together to have those conversations that can only really happen in that space to get critical mass identified from a range of developers it strikes me as being fundamental as to how we advance this agenda. So from the government's point of view we are very

keen to make sure that we do all that we can to try to assist in that respect. So please consider this to be an open door. Fergus:

Fergus Ewing: I agree with everything that's been said and I think if COHI hadn't existed I don't know if we would have necessarily have been in receipt of that manifesto commitment which Roddie correctly referred to and that didn't happen by any accident. That commitment was made because of the Delivery Group that started meeting about 4 years ago - which Paul Wheelhouse my successor as Energy Minister is maintaining – and the frequent raising of this issue in this forum and the very close working which took place between the island councils and the Scottish Government and the developers and it does seem to me that the nature of each of these developments needs to be looked at very carefully to make sure that they are optimal and as profitable as possible – that I know involves work with the developers which is on-going – and secondly the placing of the islands' projects in the same pot as offshore wind does create challenges given that the strike price – as I understand it – the lowest strike price in the most recent round was I think round about £60 per megawatt per hour which is nearly half what they were looking at 2 years ago. So that places, puts particular pressures on each of the 3 projects and requires I think a very close scrutiny and reconsideration of the configuration of the developments in each of the islands to make sure that they have sufficient profitability to guarantee the scale of the community benefit that we were looking at and therefore I think these 2 aspects need to be carefully considered.

John Swinney: James:

James Stokan: Can I just say one thing – that's good for onshore island wind but we still need to do something to protect the marine renewable sector because it's not got some of the support mechanisms and therefore it has been removed. So we need to make sure that that's still kept to the fore because that's of huge importance to us in the future.

John Swinney: Ok. Well I think we acknowledge the significance of the issues and the opportunities involved – certainly I think it's very encouraging to get to the point that we've reached where – certainly some of the conversations we've had around this table over the last few years have been really quite frustrating about how difficult it was to assemble all the pieces of this particular jigsaw but I think we're obviously in a stronger position with the news that we've had in recent weeks and the real challenge is how do we marshal that to realise all that this opportunity presents and the government's point of view is that we are very willing to be part of that approach. So we'll engage in that discussion. If we can now move on. We'll be looking at the digital issues later on in the agenda. On the question of housing in light of the discussions we've had around the table here the government's set out a number of the interventions that we're proposing to make to support the sustained development of affordable housing and obviously that requires a great deal of interaction with the individual local authorities to take these forward and we look forward to those conversations to make sure that we can have in place all the necessary interventions at a local level to support that and finally on the issues of transport and technology we identified the need for further developments involving Highland and Island Airport Ltd which are now on-going. We'll hear further about that in relation to the transport discussions. Any other issues from the outcomes tracker that anyone wants to raise? Ok. If we can then move on to the substance of the agenda and the

first item is on Scotland's place in Europe and particularly the implications for the Highlands and Islands. As I have said Mike Russell is here to lead this discussion on the government's behalf. So Mike can you make some opening remarks and then we'll hear from others.

Mike Russell: Absolutely. The proposal is I will outline where I think things presently are. Malcolm is going to speak from his perspective as a member of the First Minister's Standing Council – we had hoped that Sir George Reid would also be here to do that – unfortunately he can't make it here this morning – we've just had a late message about that - then I would be very open - I think as Malcolm would be - to discuss with you any particular issues that you want to raise. Can I add my own voice of welcome as a local MSP to Aileen and to Cleland – it's always delightful to see people in Argyll & Bute – and I'm delighted you've come here today. I want to start by relating Brexit to Argyll & Bute - a bit like Miss Marple who in her murder investigations always related everything to the village in which she lived – I think it's quite important to look at Brexit and say what effect will it have on my own community and interestingly in the last week we've heard some figures that confirm the impact of Brexit on every community in Scotland. The London School of Economics' analysis of the impact of Brexit has broken that down by local authority in Scotland. We haven't had the detail of the analysis that we know the UK Government has undertaken of the effect of Brexit in Scotland as it's taken analysis on almost every sector and we've had no offer of that even in the formal negotiations that we're having through the Joint Ministerial Committee – but the LSE figures are important and they're extremely alarming and they're divided into 2 sets: the impact of a soft Brexit and the impact of a hard or no deal Brexit. To bring that home to Argyll & Bute – and I know that Cleland and Aileen will have seen these figures – the effect of the soft Brexit on Argyll & Bute is a reduction of £158m per annum. The effect of a hard Brexit is £350m. So there isn't anything like a good Brexit. I get people who say to me surely we can find a good way to take this issue forward? There is no good way to exit the EU. My job was described by Brian Taylor recently on the BBC as the Minister to mitigate the damage that Brexit will do and our task if Brexit goes ahead – and I make that caveat because I still think this is a very fluid situation that could change in almost any way – but if it goes ahead then all of us will have to work to mitigate the effects of what takes place. Now there are 2 sets of negotiations presently underway and I want to just deal with both of them. There are the negotiations between the EU and the UK and there are the negotiations between the UK and the devolved administrations. So let me start with the negotiations between the EU and the UK. The next crunch point for these negotiations is 14 December – the 2 day European Council. By that date the UK will have to have demonstrated to the EU 27 that it has made sufficient progress on the key issues to allow the next stage, the second phase of negotiations, to be undertaken. Negotiations have always been planned in 2 phases and contrary to what is presently being said by the UK Government the UK Government agreed to this phase. The phasing is saying the first phase: discussion of the exit issues - that's the divorce issues – that is money, the issue of EU nationals, the issue of Northern Ireland, the issue of the European Court of Justice and a range of smaller issues putting the status of the Crown base in Cyprus which isn't much talked about but is an issue that will have to be resolved – providing sufficient progress has been made with those the undertaking was – they don't have to be completed but they have to be in a position where there is a likelihood of completion – then their move

goes into what is called the future framework and the second phase of the discussions is what the relationship will look like after exit. Now by 14 December the UK has to prove to the other 27 that sufficient progress has been made on these key issues. That was expected to happen at the October Council and it didn't happen largely because of the difficulties of negotiating over the issue of money but there are other issues which are also sticking points. Although the issue of EU nationals in the UK and UK nationals in the EU has moved on it is not yet complete and there is some rather difficult areas that will require political decisions. Also in the Northern Irish discussions where there was no expectation that they would be completed before the end of the negotiating process there are in fact still some very substantial issues including the whole nature of the border which has not yet even been started on - and without agreement on a customs union - and this is certainly the view of the Irish Government - and I share that view - there can be no progress because it's impossible to imagine that you would not have a border if you did not have a customs union. But that having been said, the key sticking point is money. There is now - as a result of the Florence speech an offer of £20 bn on the table - but that only covers existing commitments. There is still no agreement on the formula to be applied to resolve the money issue - and without that formula there will be no progress and it's as blunt as that. No other country in the EU will wish to spend more money than they have already planned to meet our obligations that they believe were entered into as a group. There has been some progress on this. The UK now accepts this is a legal obligation but they didn't accept that up until the Florence speech - but this remains a very significant sticking point. There is also a very substantial fear - and John knows I spend a lot of time in Brussels and a lot of time talking to people and there's also a very substantive and growing fear of 2 things. One is an intention by some UK Ministers not to have a deal and they think that that is a genuine approach and you hear this quite often but also a real frustration about the process of negotiation and an example of that is - some of you will have seen a leaked Home Office paper or read about it - on migration. There is a stream of discussion taking place about what will happen to EU nationals and what will happen to migration thereafter. That's a legitimate negotiating stream. However the Home Office is preparing another set of on a much tougher regime and there is a very substantial fear that the negotiations are not being undertaken in good faith. So there is a real risk that these negotiations will continue to run into difficulties at every possible occasion. We don't think that's in anybody's interest. Everybody's interest is to resolve this issue. The longer it goes on the greater the instability and greater the business instability and the instability in organisations round here because people have to make plans. They have to make decisions about the future and it's very difficult to do so at the present time. Many business organisations - publically and privately - have told the government because they've told us and we've seen what they've been doing - have told the government there has to be progress by Christmas on the issue of the future framework or at the very least on a transitional period - which the Prime Minister has now asked for - but that is also still mired in confusion. I was at a NFU debate - as Fergus knows - where Ian Duncan debating with me made an assertion about leaving the Common Agriculture Policy and the Common Fisheries Policy at the end of March 2019 - which runs directly counter to what the Prime Minister has been saying and indeed what David Davis told me 2 weeks ago. So there is still a huge confusion and until that confusion is resolved then I'm afraid businesses and others will lack the confidence to determine plans to do something in this country. So there are a lot of problems to be resolved - they're

not insolvable – with goodwill and the right approach they could be resolved but they're not yet there. The second set of issues is the negotiations between the devolved administrations and the UK. The Prime Minister agreed in a summit just exactly a year ago in Downing Street that there would be a new part of the Joint Ministerial structure set up to deal with those negotiations – the Joint Ministerial Committee (European Negotiations). That had a formal remit in 2 months. The first part was to seek to agree the Article 50 letter and the second part was to have oversight negotiations to do with the areas of devolved competence. I'm afraid the first part was never observed. Mark Drakeford – the Welsh Member - and I have been the consistent members and Northern Ireland of course was in membership and now that membership has been suspended in terms of elected politicians – Mark Drakeford and I never saw the Article 50 letter at any time and indeed in February 2016 the meetings stopped – 4 meetings then they stopped being held - I think because it's been difficult to go ahead and without discussing the Article 50 letter. However the second part of that – that is seeking to take part in negotiations as far as devolved competence is concerned – to have oversight of those – has now been resuscitated through a meeting of the Joint Ministerial Committee which was held in London 2 weeks ago from today and chaired by the First Secretary, and Damien Green as First Secretary has been talking to John and I over the summer to try and restart these negotiations to try and find some way forward and those negotiations will deal with 2 issues: one is involvement in the actual substantive EU negotiations as far as they affect devolved competence – we are discussing how that might work – whether we would embed civil servants in that process – what the Ministerial oversight would be – we don't actually know what the process of those would be yet – whether they will follow a monthly cycle as presently is the case or whether they will be more continuous but that is an active discussion. However the process has been disrupted by discussion of the European Union (Withdrawal) Bill. This is the Bill that was announced at the Tory Conference in 2016 which we know was in draft form in January 2017 because we discussed it at the Joint Ministerial plenary – that's the Prime Minister and the First Minister discussed that in January in Cardiff – but we only saw it in the first week of July and 2 weeks before it was due to be introduced and it was impossible for the devolved administrations to accept it – not just ourselves – the Labour administration in Wales was exactly in the same position on this and there're certainly – although Northern Ireland is not meeting – there are certainly substantial parts in the Northern Ireland political scene who could not accept the Bill. The Bill is unacceptable in 2 ways: it's unacceptable because it gives UK Ministers the power to alter Scottish legislation without consultation which is completely unacceptable but it also takes all the powers through the devolved competences that exist in Brussels and transfer them directly to London and although there is a mechanism for them transferring them back there is a timescale and there is no involvement as a right for the devolved administrations in making those decisions. So both the Welsh Government and ourselves have said we can't accept this Bill; we can't give it legislative consent which would be required by sometime in the first part of next year because of the House of Lords - but we were prepared to negotiate to change the Bill in a way that would be acceptable because we do distinguish between the technicalities of leaving the EU which we will discuss later here today and the policy. Just to remind you that this government is absolutely opposed to the policy - that the people of Scotland voted against it; we don't think any good will come of it; we are trying to find a way to make the technicalities work because we will need those technicalities if the UK leaves. Now very unusually the

Welsh Government and ourselves drew up amendments to the Bill which would have made it acceptable – I don't think we've ever done that before – these have been tabled in the House of Commons by a cross-party group – Labour, Plaid Cymru, the Scottish National Party, Liberals and Green MP have all signed these motions. So we are now in the process of discussion and negotiation hoping that the UK Government will change its Bill. At the meeting we had 2 weeks ago in London there was some small progress made. We agreed the framework for discussion and the principles that would apply but this isn't an arcane political dispute. This is about the legalities of delivering on the ground in Scotland. An example that lies in Fergus's area would be in agricultural support policy where every farmer in Argyll & Bute I'm think I'm right in saying gets LFASS – less favoured area payment – that's not the category that exists within – and if decisions were made at Westminster it would be much harder to make these changes to the support regime that needed to be made. Our view is that we need to agree as equals on the issues that are discussed for example agricultural support and to have a co decision-making process just in existence. If we can put that in place – and the Welsh have made proposals for that – then there's no difficulty in so doing. There are 111 areas that the UK Government have identified that there is an intersection between devolved competences and Europe and we can't accept 111 areas just being taken away. So we have to negotiate the right way for these frameworks – if there are to be frameworks - for co decision-making to be established and that's what we're trying to do at this moment. Some of them for example lie in the field of justice and this has been exacerbated by the publication and papers by the UK Government who I think have published 18 negotiating papers to date some of which deal with areas of devolved competence and none of which have had any consultation with the devolved administrations and indeed if you look at the paper on security and justice it appears to be written without the knowledge that there is a Scottish legal system – certainly without the knowledge that the Lord Advocate is responsible for example for extradition and has well before we were in these new sets of circumstances. So we have a lot of work still to do. We are trying to do it in good faith and one of the ways we're trying to do it is by talking to people in Scotland and getting their views. I've met I think with most of you individually and certainly I've met collectively with all groups of people – Malcolm is a member of the Standing Council and brings a distinctive voice to that and the Standing Council has a range of people who are having considerable impact as are my colleagues and within government I'm involved in drawing up essentially the negotiating book of what we want to achieve involving every one of my colleagues and their priorities as we move forward. So before I ask Malcolm to speak what's the impact going to be on everybody in this room? Well the impact of Brexit can be defined in 3 categories: there will be an impact financially to a greater or lesser extent depending on what your sector is and what you're doing. Local authorities round this table will know and will have worked out the impact of Brexit on their finances. Then there are of course very obvious examples within the agricultural industry and there are examples elsewhere. There's a web of financial connections and of course the Highlands and Islands of Scotland are a net beneficiary of European funding – unusual - but that is a situation which we should bear in mind. There will be an impact on regulation for almost everybody. This is the area that people tend not to think about most but in actual fact the regulatory structures under which we work right across our lives have developed over the last 43 years and are deeply embedded within European regulation and that's the material that has to be repatriated in the next 18 months and it's a very

complex process. Some organisations – Foods Standards for example – 98% of their regulatory structure flows directly from Europe and they have an interesting example in workforce too – 60% of the workforce in abattoirs comes from other European countries and 95% of the veterinary workforce in abattoirs comes from other European countries and that is a very, very worrying area. In the hospitality sector there is already a clear pressure emerging. I'm receiving representation on that locally and nationally. We're picking it up in other sectors. We're also picking up jobs moving. So we have a shortage of labour but we also have some key occupations that are being moved because frankly it is easier for organisations to employ people elsewhere and carry on the business they're doing. The presence of European workers and EU workers in the labour force is roughly in a horseshoe shape. A big concentration in the unskilled areas and very big concentration in the skilled areas and then a sort of line between - but in the skilled areas you have substantial numbers in the Health Service; you have 25% of the research workforce in universities; and you have a range of other skilled occupations – unskilled workers: agriculture – but the agriculture soft fruit growing - and I met last week - again for the second time - with the soft growers in Angus who have in certain farms up to a thousand people in the middle of the season and it's very difficult to see how that could be replaced – a very different system of for example season workers' permits which have been tried before – becomes pretty complex and difficult to administer. So in terms of workforce; in terms of regulation and in terms of money there will be an impact on every organisation here. The question is what the depth of that is? What your assessment is and how you are planning to cope with it? Can I also say how I think you're planning to protest against it - and I want to make that point because I know Malcolm will want to make that point – there isn't an inevitability in any of this. It is important – although the UK Government has particularly ignored a lot of representation it's had up until now and I think the most surprising one is the financial sector – my own view at the start of this was that the UK Government would change its policy because of the financial sector because its lobbying so hard – that hasn't happened but it is still extremely important that every organisation in Scotland - will be protected in Scotland - making it clear that the impact this will have on them. The debated impact is dominated still by the very few sectors who believe there will be an advantage to them - and I have to say I think they're wrong – and I think they'll be proven to be wrong in time – but those are a small number of sectors. Even if you look at the fishing sector in this constituency – the shellfish sector for example – there is increasingly a concern about what is taking place. The village of Tarbert down the road there has 11 shellfish processors and they started off thinking this wasn't a bad idea. I have to say a lot of them that are now talking to me are getting increasingly worried about the export of fishing. If you're exporting live langoustines to Paris the very idea that you could have a lorry parked at Dover or Ramsgate that's actually going to hold the produce up destroys your business and there's a huge growth of understanding but this debate shouldn't be dominated by those who think there might be an advantage. Those who recognise the difficulties they're facing have to speak out; they have to be heard; and they have to be heard loudly and comprehensively. We're doing our very best through the channels through which we work; we're happy to act as the megaphone for people to be heard; but we're also talking extensively to people who published 2 weeks ago this document: Brexit: What's at Stake for Business – we will be publishing a parallel document about individuals later – I think early in the New Year – and within the next month we will publish an update on our core document:

Scotland Place in Europe – which will give new information and new arguments and will look ahead to what we think lies ahead and I'll finish on that point. People say to me in this constituency particularly what's going to happen and I have to say I really don't know and I think that's the honest position. I think Malcolm will reflect exactly the same. This is the most volatile political situation I've ever seen and it changes day by day; the information coming into the sector changes day by day but what we need to hold on to is 2 things: one is we need to try and have some control of what happens in our own organisations so we need to have clear plans and contingency plans and good scenarios and be aware of what's taking place and the second thing is that we need to be able to say very clearly this is not going to be a good idea. We mustn't allow the debate to be dominated by those people who so far have got what they wanted because, and I return to this point in closing, Scotland did not vote for it; Argyll & Bute didn't vote for it and this can only be damaging to Argyll & Bute and to Scotland. Malcolm:

Malcolm Burr: I want to talk briefly about the particular interests of the Highlands and Islands. I have been asked to do this in 10 minutes - and I'll try to keep to time – so it's only a headline review of these key issues for the Highlands and Islands; how our interests need to be addressed and indeed how best they can be. Scotland has been part of the European Union for more than 40 years and the EU Single Market is I think agreed by economists to be the most successful example of a multilateral free trade area in the world. Leaving that relationship inevitably has a wide range of impacts before we even look at the local scene. The ones on which I'll focus briefly are the reduction in of the supply of skilled labour and the EU migration to Scotland; the impact on our sustainable population level - and this is in an area in which the collective efforts of the public sector have been - and are increasingly devoted to the retention and growth of population – the word fragility is still used too often in relation to population and the Highlands and Islands' economy - both generally and locally – and that I think will be the biggest impact and consequently the reduction in the supply of skilled labour. There are obvious issues in making it more difficult for people in Scotland potentially to travel, live, work and study in other European countries – there is likely to be a reduction in economic prosperity, in wages and in funding available for public services. If the economy in the rest of Scotland has a cold I think it is still more likely to develop into flu in the Highlands and Islands and that's not perhaps universal but that is the position in many of our areas. Turning to demography: all areas in the Highlands and Islands are projected to see decreases in their working age population. This area – Argyll & Bute – and my own Western Isles – are at the severe end of that but that is across the whole area. So the role of migrants in sustaining our working age population and indeed in supporting an ageing population is absolutely critical in the Highlands and Islands. That our issue; that our problem – inward migration is needed more than ever. In areas such as mine the kind of economic development which we would want to see – which would be transformation – requires inward migration – the growth in the numbers of people is essential to prosperity. On the labour market itself we all know that this has been alluded to and our community absolutely depends on workers from the EU in a range of sectors particularly tourism, particularly with the food and drink industry but also in industries which care for people in the most direct way. I have been gathering as part of my role as a member of the Standing Council evidence from councils and others throughout Scotland and I quote from this. I quote from a provider of care services. In this area the vast majority of carers are

from Poland – these are employees who are happy to be in Argyll & Bute – the company says that overseas recruitment is absolutely essential – not an option – absolutely essential and critically that that recruitment has slowed down since the referendum on EU membership and that particular company operating in this area sees a particular problem in the very near future with fulfilling its contractual obligations to Argyll & Bute. Tourism provides more than 200,000 jobs in total in Scotland but 21,000 of these are held by non-UK nationals – 39,000 EU citizens work in the Scottish food and drink industry – the proportion of EU based workers varies across the area. It's highest in Highlands and Shetland - but it's a significant part of all of our workforce - and the truth is that it has been easier to attract temporary migrant's workers in some areas of Scotland than attracting domestic families to relocate. We have to face that reality. Our strategies all support population retention and growth but these are medium to long term strategies. We've been working at them for years. The population has usually stabilised but it often hasn't grown. So this is even more an essential part of our working population particularly in the remote areas. Turning on to trade: access to the Single Market – that comes across with all surveys – for public sector and from the commercial sector. A full 75% of businesses – this is in Scotland – see the free movement of people as essential. That proportion is higher in the Highlands - and the fact is that these EU markets cannot be replaced by more distant markets at least not immediately and not without trade agreements which are not at present for obvious reasons the subject of much discussion and negotiation at UK level. The enemy of all of this will be time. The focus – such that it is – as the Minister has outlined – is on the negotiations with the EU directly. Other markets take time and they take the context, legal and economic, to develop. So the sort of other markets are not simply going to materialise. I can echo this from a family connection that the Minister's point about the elements of the fishing industry particularly those who produce high quality shellfish products which will still be wanted by markets throughout the EU but there are increasing concerns about the additional costs and regulation and simply the practicalities of delivering their high quality product. I don't think changing to a frozen product for example would increase the value or the benefits to our local economy. I will come back to the agricultural sector in a moment. Other things: all these things matter locally as well as nationally – protected food name – people have worked hard over years supported by government to obtain these designations – what status will they have now – but equally corrosive to business and trade is uncertainty. That at least can be guaranteed in the short term. That at least is in plentiful supply. There is increasing evidence that businesses are ready to put in place their contingency plan for a UK out with the Customs Union for a no deal scenario and they will do that I suspect early in 2018. The recent LSE – London School of Economics – report showed the potential impact of a hard Brexit for each of our areas and these figures were truly concerning. A soft Brexit will be bad enough but a hard Brexit will impact on all of us in a very, very damaging way. Businesses do not cease to function. They don't cease to invest but they won't invest in Scotland they'll just invest elsewhere. So populations will go elsewhere and that can happen I think with frightening speed. Critical to the Highlands and Islands is EU funding. This has supported jobs directly. It has delivered an incredible level of infrastructure improvement and it really does sustain in many ways the activity on which rural communities depend - £90 m of EU funding has come to the Western Isles over the life of the programme and without that a lot of the infrastructure development and skills development that we have seen would simply

not have come about. The figures that I think are worth looking at for a moment: £5bn over the life of the current EU budget round to Scotland; £1.2 bn of that in the Highlands and Islands – critically though that funding supported by other funding - not always just public sector – has provided the strategic transformation of community project development worth £2.5 bn over that period. Across each of our areas – there is no area left without some benefit from that funding – and this is not just about economic and infrastructure benefits. There have been massive intellectual cultural collaborative working across the board – look at the Bureau for Lesser Used Language as it used to be called- and it's had its support from the start for the Gaelic language. We all know about Erasmus, about LIFE, Interreg – now Horizon – worth £170m to Scotland. These benefits have not just been in jobs and in infrastructure but in that collective collaborative working to improve the prospects for our community. On agriculture which is very heavily reliant in Scotland but in the Highlands and Islands particularly on CAP funds. What are the alternatives? I know there is a view from some in the agricultural sector that there is an opportunity for a rural agricultural development programme more tailored to the Highlands and Islands' needs but in the short term what is going to be the equivalent to CAP and LFASS support? All are agreed in that context whatever their view about the right scheme to support agriculture - all are agreed on the need to have tariff-free access to the EU market. Finally health: I wouldn't dwell on this because it's been covered already but simply to state that the free movement of people and mutual recognition of qualifications has sustained our NHS at various levels not just in hospitals but increasingly in the community sector as well and there is a real risk that as evidenced there by the statement from the care provider in Argyll - and that's echoed across the board - that health and social care services will diminish unless that market continues to be the same. Now that's the quickest of run through. The importance of EU funding; its effect on our demographics and employment and how these could be affected post-Brexit. If there is one message – whether that's for the public sector or the commercial sector – if there is one message it is that there must be tariff-free access to the EU market and alongside that would be free movement of people otherwise there will be severe detriment to the Highlands and Islands' economy and society. I've been asked to talk to you today though about protection of the interests of the Highlands and Islands and at first sight that's not particularly easy for the reasons that have been given. I think we have to accept that a no deal scenario is becoming a likely option whether that was thought perhaps even as short a time as 3 months ago to be not a likely option – that is a distinct possibility but this is a very volatile political situation I would suggest. Public opinion has moved about considerably pre-Brexit and post-Brexit. It is certainly arguable that there is no majority in the UK Parliament for any particular option. There are MPs who will not accept a no deal scenario; there are MPs that will not accept a deal scenario; parties are split; there are different views across the whole chamber. So the conclusion of that - and it's always a worry for a returning officer – the conclusion of that is that probably an election is inevitable – we can't say that – there is certainly not a clear Parliamentary majority for any option. This is fertile ground indeed for influencing the outcome and future direction of policy – lobbying, arguing, raising our profile about what makes the Highlands and Islands different and what our different needs and opportunities are. I think all in the cause of seeking a broadening out of participation in this negotiation process. It has to be – perhaps for reasons at the time – perhaps I think more for political reasons – it has not been objectively a very inclusive process but it is incumbent on us I think to ensure that our areas – local, regional - across the

Highlands and Islands – our particular needs are articulated very strongly and are put to those who are able to take these ideas forward. Amongst them I would suggest the Standing Council on Europe; obviously the Scottish Government and also the UK Government – it is fertile ground as I said for influencing the outcome and future direction because there is simply so much uncertainty and volatility. That's the challenge. I think we should continue to meet it.

John Swinney: Thanks very much Malcolm. There is a lot of material there from what Michael and Malcolm have gone through. So let's open up the conversation and take some perspectives on some of these issues. I think the points that Malcolm covered in terms of the issues around labour, around sustainable population levels and around trade access are some of the clearer headline concerns and issues that we have to address and which will have an effect on all of us in our respective responsibilities. So who would like to kick this off? Gary:

Gary Mulvaney: Thank you very much. There's probably not an institution in perhaps even the whole of the UK that's more indebted to the finances of the EU than the University of the Highlands and Islands. It's very much a creature of the European Union and our success - and it's been a huge success for the region - has been to a large extent built on the impact - not just of structural funds – but they were essential to a lot of the development but also the on-going relationship that we have with the EU. Argyll College itself plays an immense part in the local economy in creating opportunities throughout Argyll & Bute which has very much depended upon the availability of European funds over the years. It's great and it's difficult to understate how important these things are. I was at the Argyll & Bute graduation just a few weeks ago and to meet local people from Argyll & Bute who have been able to qualify in teacher education while studying in Argyll & Bute and being able to stay here - and that's not just important for the individuals but that's important for families; that's important for the future of the local economy and all of these things have been achieved because of our engagement with the European Union. The Scottish Association for Marine Science (Sam's) through in Oban through the research and of course you can go up to Thurso; you can go across to Lewis Castle College and you can go to Moray; you can come down to Perth – all of these areas have benefited hugely from it and I think that the concerns that we have around the uncertainty and the risks that it will pose to our future are considerable and we need to make sure that we can get that voice across and I think us getting from the Highlands and Islands getting the voice across is important. It's good. I'm confident that UHI is playing a full part in the working groups that are taking place working with Malcolm and yourself to make sure that these arguments are made. I think sometimes that maybe a multitude of voices rather than a co-ordinated voice is important both for the domestic Scottish audience to hear about the range of concerns that we have and I think each of our institutions has an obligation to make sure that we're speaking to the widest possible range of stakeholders to get that message across about the risks that we're facing as well as speaking collectively to the UK Government and beyond. Cabinet Secretary you started off by talking about how this matters for Argyll & Bute and taking it down to a personal level on Friday I am travelling to see my newest grandchild who lives with his mum and dad in Enniskillen and I travel there a lot – right on the Fermanagh border between Northern Ireland and the Republic – and I have to be honest that when we start looking at the implications of a hard Brexit know what it would mean – not just for the economy of that area but the security of that area – I think there's a huge, huge issue there that we have to play into. It's

personal for me. I think it's personal for everybody in this room. We have to take that passion and that argument to as wide as a possible audience as we possibly can. I do think that there is a feeling amongst even some very; very prominent remain supporters that are now just almost accepting that leaving is inevitable. I don't have that view. I think there's still a lot to play for here but it will only be possible to look for an alternative if we are articulate and convincing in the arguments that we make to a wide, wide cross-section of the public including the almost one million Scots who voted for leave. We have a lot to do to make that case and anything that the University can continue to do to support that countersign.

John Swinney: Thanks very much Gary. Charlotte:

Charlotte Wright: I think this really underlines the comments that have been made already about the skills and the challenge. So there isn't a single part of the Highlands and Islands or indeed a single sector that hasn't already expressed as severe challenges about skills and talent - and that's before we're actually into the challenge of losing people and I really endorse the point that Malcolm has made about the impact upon our communities where a long term strategic objective of Highlands and Islands Enterprise working with the local authorities is about population retention and its critical role in supporting our fragile communities. So there is a lot of concern round about that. I was trying to think what I might contribute that might be positive to that case. There is a link here to the productivity challenge that we have. Now it's quite difficult to see what we can do in productivity terms for sectors like care and tourism which are heavily people dependent but we will focus with industries such as food and drink to ensure that we can do as much as possible in terms of productivity to at least support and mitigate some of the challenges that those sectors will face. The second point if I may just in terms of regional policy – what can we do to further influence the UK about what or indeed if regional policy might look like for the future as again this region has benefited very strongly from regional policy basically through Europe which has supported the kinds of developments that Malcolm outlined earlier. So if there's anything further that we can do or indeed that HIE can contribute from the work that we've done on that then we would be happy to share that with Mr Swinney.

John Swinney: Thanks Charlotte. Alex:

Alex Gallagher: I would have to agree with almost everything that has been said. What I would point out is that in Ayrshire – we've tended to concentrate here on the Highlands and Islands – but we're actually reaching from the Highlands and Islands to the Lowlands and we have benefited from these funds as well both in our islands – which I think there are 4 populated islands – and in our other more landward areas. So I think the continuation of these funds in one way or another is absolutely vital. How that is achieved I don't know but I would point out that perhaps it's not just the Highlands and Islands but it's all of Scotland that's going to suffer from this and our interest reaches over between the mainland and the more sort of recognised Highlands and Islands.

John Swinney: James:

James Stokan: Thank you very much. I would just like to say this is a huge challenge for us as we all know but as we're waiting as a request I have we have

always had a special consideration within the European region. Can we enshrine that now in Holyrood so that it moves on to the UK so that we actually have something because it's so important and valued around the area and it would be something that we could do as we're waiting to make sure that the Highlands and Islands Region has a special status in Scotland which would then transfer and give us a stronger argument as we go forward. The second thing I would like to say is I'm very concerned about migrants who are here already - not just from within the EU but from outwith who have got to achieve a certain level of salary to stay in the long term – and when you're looking to attract some in and retain some in – this is real challenge for us and it's based one kind of London wage- £35,000 – it's absolutely a massive wage in this area and for us to do some work through this process to make sure that people stay regardless. I've got a particular issue with that. I've got a man in my community who's come from Kenya and he's a huge contributor and he's going to have to go back and he is really involved in some of the leading edge technologies that we're developing and he's going to have to go back at that stage – and that seems such a desperate shame – and we're not going to change the average wage in the Highlands and Islands in the next few months but we need to make sure that that when they come they contribute and receive all the opportunities to contribute to that.

John Swinney: Margaret:

Margaret Davidson: I would like to thank Mike Russell for setting the scene very clearly for us and Malcolm who hit all of the points that I was wanting to raise so I'll not be raising them because they're the key issues for us - the 4-5 absolutely key issues. If we sort that then the rest can follow but I'm just wondering about using the opportunities and helping us with the lobbying. Gary was also absolutely right. We've got to get some clear messages out to our own people, to Scotland and beyond and I'm asking the Minister – maybe he could think about giving us a hand here. As a group of councillors in the Highlands and Islands we meet regularly with the Scotland Office, MPs - all manner of people come to see us – and we request them to come to see us. Now if we were giving some clear messages that we follow up with press releases at this stage because we do need to raise the profile of this. I think people are just stumbling around and the Minister said there are 111 areas where devolved administrations need to be involved in the discussion. Can you help distil that down to 6 or 10 for us and can you use your opportunities – we meet as a group of leaders relatively often during the course of the year – if you could maybe come along to one of those when you've actually got us all together in a room and sort of refresh our thinking on what's important and what the opportunities are. When Lord Duncan was doing his grand tour around the Highlands and Islands recently he was very clear. He was talking about differential visas – it would be good to speak with yourself. Is there any way we should be really pushing on that just now or is there an opportunity? I think we all see opportunities. I think Malcolm is quite kind when he said we've got a volatile government at the moment but we need to make the best of the opportunities that do evolve and of the people that we're seeing regularly and actually if we had 6 or 8 key messages that we were putting across and speaking to our local and national press again – I think Scotland needs to clear its mind of exactly what is going to happen and needs to understand just how important it is and that it's going to affect every family in the land.

John Swinney: Margaret I think your contribution and James' capture what is the real challenge and difficulty here because I think what's been a very successful element of the process we've gone through since the EU referendum in 2016 has been to try to establish a broad understanding - and if possible – and I think this has largely been achieved – agreement about an agenda that represents the Scottish interest in this respect. So the points that Malcolm raises about population issues - and how many times have we had a conversation round this table about population sustainability – there's not a COHI meeting that goes by that we don't have that conversation – but we also have to face the reality which Malcolm clearly set out that whilst the position has improved in some parts of the Highlands and Islands and stabilised in those that are the most fragile a significant contribution to that has been the in-migration of people from out with the Highlands and Islands, Scotland, the UK and further afield. So the issue of migration and the free movement of people - which was one of the 2 key asks that Malcolm made in his presentation - is for me absolutely fundamental to how we get to a position where we protect the Scottish interest and the Highlands and Islands' interest in the negotiations. We then look at the prospects you suggested there that Lord Duncan had suggested the possibility of differential migration. Well I would love to see that happening but permit me to be completely sceptical but I've not seen a scrap of evidence from the United Kingdom Government Ministers – I know he is one – but I'm talking about a real policy from the UK Government that would countenance such a thing - but from our perspective and the Highlands and Islands' perspective - it is absolutely critical that we have the ability to attract people from a much wider canvas to come and live here. So I think what that brings us to is the importance – and I think what our conversation here should helpfully point us to – and Malcolm's has helped us enormously – is to make it crystal clear what are the absolutely fundamental things that we need to secure for the Highlands and Islands' interest out of the Brexit arrangements and Malcolm referencing the comments of tariff-free access to EU markets and free movement of people as core considerations and I think that's a very effective starting point but in the course of our conversations a whole host of other things have emerged which are relevant and significant. The journey that UHI is on - because the development of a research agenda in the Highlands and Islands will be really critical to the attraction of higher value investment to help meet the productivity challenge but obviously schemes like Horizon 2020 and Erasmus are ones about which we are now not very clear about what's going to happen. So I think what we should perhaps focus our minds on for the remainder of this discussion is just what we can establish coming out of this Convention which can help to reinforce some of the central messages that have been put together as to how we want to shape this debate. I think without being too dismissive about the current situation – it's hard to be optimistic about the direction of thinking that is emerging just now so we've got to try to fill that space with a positive agenda which as I say I think Malcolm has helped to shape for us in what we've heard today. Other observations?

Gary Mulvaney: I would certainly agree with everything that has been said so far and I recognise the points that you've just made around the priority areas but if I could just be slightly focused on health for a minute I do think there is an issue for us which is understanding why we are where we are around the whole EU workers issue and particularly around skilled workers and in Shetland within many of the Highlands and Islands hospitals as Malcolm said we absolutely have a very high proportion of workers from Eastern Europe or from Europe as a whole and I'm afraid

I suppose at this point we have to I suppose question why that is and I think that's a fundamental issue about the structure and training in the Health Service and has made it much harder for us to attract UK graduates to places where we give them work so I do think there's work we do need to do now to understand how we can reverse that. We know that people are much more likely to come back and work in remote rural areas but the problem with remote rural areas – and I know the Scottish Government have been focused on recently – quite rightly – on encouraging people from deprived areas to get into the profession – and I think there is a real opportunity for us to try and use that same tactic around the Highlands and Islands. So it doesn't address the point I've just made but I do think there are opportunities here for us to really understand why it was that we lost the skilled sector and what we really need to do is to begin to address the challenges we've had when people have moved from the profession.

John Swinney: So in a sense some of what Gary's said about UHI is very relevant. If you take an issue which is very much on my agenda around recruitment of teachers in the teaching profession. So if somebody lives in Stornoway and wants to become a teacher and they've got commitments then it's not easy for them to just up sticks and go off to Dundee and get a teacher training qualification. It's just not practical - but the UHI model enables us to find ways - and this is where I'm particularly interested in the innovation that can be taken forward on that very specific issue but obviously the wider applications in relation to the Health Service which should see us being able to use some of the assets that we now have to a much greater extent to create that skilled workforce domestically and I think – when I look at the area that I represent – we're sitting with unemployment of just around about 3% and companies really struggling to recruit – the economy prospering very effectively – companies really struggling to get staff locally – so there's a – the issue of in-migration and population growth is at the heart this discussion but it's also very significant in relation to the questions around investment in our public services and the strengthening of our tax base more generally and we should look at these points. Malcolm:

Malcolm Burr: Thank you for letting me back in. Looking at specific outcomes in terms of specific requests other than the wider issues I think the most critical is perhaps the success - if there is to be one – I know there are some indications that there will be a successor to EU funding because that's not just a good thing to have for the reasons we've given – it's a key – EU funding, ESF funding, ERDF funding – forms a core part of jointly funded programmes, projects etc. for particularly skilled development apprenticeships. If that ends it is hard to see – certainly councils in the current financial climate – being able to replace that funding so either fewer people will benefit or some of these programmes will simply cease so perhaps there is one thing to take forward with the UK Government would be pushing for knowledge of any successor to cohesion funding and what the criteria of that might be. The other one I think is to pick up Margaret Davidson's point – I think it's a good one – is it legally possible – as we all know to have differential arrangements within the UK – it might be worth taking back later to the next Convention what they might look like – I think the benefit of them seems to be accepted around the table particularly from labour force but it might be worth looking at the options but these will I know be taken forward elsewhere.

John Swinney: I'm going to ask Mike to sum up and Gary:

Gary Mulvaney: We're all doing a lot of work on our own and I wonder if we're maybe not being as effective as we could be and if we were an organisation that was looking to influence this process we would be doing stakeholder mapping – we would be really getting to know who the key folk were in negotiations; the key folk who were advisers to them and we would be targeting them with selective differential information to make sure that we were getting our point across and I'm just wondering if collectively there might be some place that we could have a central point that could have the expertise and the knowledge to support that type of activity. We're all producing some really excellent stuff about the impact in our own organisations or our own areas but are we collectively getting that across as effectively as we could or should to those folk that actually are sitting in positions of real influence as the negotiations go ahead?

John Swinney: Any other comments before I get Mike to sum up and to identify some outcomes and issues. Mike:

Mike Russell: Thank you. It's been very interesting and I think there's been a range of positive things to take away. I'm always conscious of the fact that I go round Scotland depressing people with what is taking place so it's good to see that there's some positive outcomes that are possible. Let me deal with the 5-6 key issues. Charlotte in terms of regional policy – you know that we've been having that discussion about how regional policy will develop – one of the problems is that there seems to be very little thinking about that in the UK as a whole - and what thinking there has been – has been about centralisation – so it's on our agenda but it has to - I think - be part of the wider debate that we're having. Alex: I absolutely accept that the whole of Scotland is affected by this and that's the debate we're having and that's the work we're doing. The Highlands and Islands is likely to be however disproportionately affected. Everybody's going to be badly affected. There's no doubt about that but the Highlands and Islands are net beneficiaries as I've said and the difficulty with that is that will have the strongest impact but of course everybody will be affected. James: the issue of migration is absolutely at the heart of this and I'm intrigued to hear that Ian Duncan is talking about a differentiated approach and the Prime Minister isn't - and she's a former Home Secretary – and she is absolutely implacable on these issues. However there is a political debate about the differentiation and I did an event in the Royal Society about 6 weeks ago in which both Tory and Labour spokespeople talked about differentiated migration policies. So I think the debate is growing. I think it's one of the key areas and I'll come on to how this is dealt with. It's one of the areas that I think the most pressure should be applied on to say we need a differentiated policy. That is particularly urgent given the work of the Migration Advisory Committee which is likely to be very negative. All my experience of MAC over many years has been that they do not look sensitively at regional changes and there's no sign that they're going to do so on this occasion. Those of you who have met them, in their new iteration cannot be encouraged by what we're hearing so I think there's a requirement to talk strongly and to lobby for that differentiated approach and I think we need to do it sooner rather than later. Margaret: I think the question of coming together and taking this forward as a joint enterprise is a key issue - and Lesley has been indicating that to me as well as this has been going on – so I think we need to take as an outcome of this a structured way - and Gary has made the point to a structured way – of agreeing on the key issues and making sure that there is effective work and lobbying work being done. Up until now the UK Government has been very resistant to lobbying on any of the

changes because there are some fundamental things in this which the UK Government believe which they wish to promote. Those are issues such as the sovereignty of the UK Parliament, no role for the ECJ, absolute control of migration and nobody being allowed to be against it – and that has led to hostilities on devolution and the requirement to hold on to powers – particularly trading powers – but if we can agree as a group – and I’m very happy to come and meet with you and others in this room – if we can get that and if we can co-ordinate it in some way then I think that would be effective. So let’s take that as a step to take and an outcome from this. The point was made about the workforce is well made - and perhaps we shouldn’t have got here the way we’ve got here - but turning that round is a very long term process. There is a very a strategic labour in the group within the Scottish Government – I have been attending those meetings – it’s looking at the long term solutions – but what we’re talking now comes into effect in a matter of months perhaps and you’re not going to be able to make those changes then. There’s no reason that we shouldn’t talk about them but they’re not a first order issue probably. The whole point of taking this forward is to try and get change and I want to finish with Gary’s point. I certainly don’t think it’s inevitable that we leave the Single Market. I’m not absolutely convinced that leaving the EU is inevitable - given the mess that exists at the moment – but an absolute minimum the Scottish Government is arguing for is continued membership of the Single Market and continued membership of the Customs Union. The Single Market would guarantee freedom of movement and that’s really important. The Customs Union would guarantee the free trade activities – but without either of these – well with both of those as a very limited period of time – and presently the way the conversation is going on it will be a maximum of 2 years transition which will take you to 2021 – and indeed recently Barnier talking about the transitional arrangement finishing in December 2020 which is at the end of the annual multiyear funding. So you’ve really got a very narrow period of time. So we are arguing for, campaigning for, agitating for at the very, very least the least damaging option - it will still be damaging – membership of the Single Market and Customs Union –and if we can coalesce round that as a minimum ask then I do think that perhaps that is also something with which we can make progress because a year ago the UK Government was arguing no transition, no involvement in the Single Market after the end of March 2019 – that has now changed – and the Labour Party took the same position and others have taken it too – everybody’s moving towards a Single Market membership. We should try and grab hold. Can I leave you with 2 thoughts: one is I wouldn’t want to lose a vital point that Malcolm made - just in passing – this is not just about money and trade – it is about those things; it is about jobs but it’s also about how we see ourselves. Are we going to be open and outgoing? Are we going to be inclusive or are we going to put up barriers and are we going to reject influences from elsewhere? That is the overall effect of Brexit and I stand very much with Malcolm on the idea that the Standing Council – it’s been a big theme – we must be open and inclusive - and the final thought is this: the likelihood of a positive outcome – if there is one – lies probably now in the region of what is the Canadian Treaty – that does not deal with services; it does not deal with the freedom of movement – it is very, very different even from membership of the European Economic Area. It maintains some – but not all free trade – and given what is going on – I think the last word – and the best words – comes from the French Ambassador to the USA who last week pointed out the bizarre situation we find ourselves in – not bizarre about Brexit - but in the pursuit of free trade the UK is endeavouring to leave the world largest free trade block and to abandon 53 free

trade agreements. So even if we end up with a Canadian Agreement we won't have anything like the membership of the Single Market. So if we can coalesce around that we might preserve free trade and free movement – which I agree with Malcolm are the 2 key takeaways that we have - but I will arrange a series of meetings – that's taken as an action point – and we'll try and take this forward and don't be without hope. We're the nation of the enlightenment; we can still change things though that cliff-edge is looking quite close.

John Swinney: Thanks Michael. In terms of our forum here – thinking as a consequence of that session – I think the structured way of communicating our concerns and our agenda in this respect is an outcome we need to concentrate on and the substance of the agenda that underpins that would be to argue for measures that enable tariff-free access to markets and the freest movement of individuals that we can secure to address the population issues. So our officials will develop some thoughts around those points before we come to a conclusion on the outcomes later on today. So thank you very much Michael and Malcolm for leading us in that session and to colleagues' contributions. We'll take a short break now until 11.15 when we'll come back to discuss the rural economy session. Thank you.

John Swinney: There's a paper that's just been put on the table on health and social care integration which will be the subject of discussion at 2.45 so if I could just advise members that that's there for people to see. Our next session is on thriving rural economy and the session will be led by Fergus Ewing and Lorne Crerar. So Fergus would you like to kick off please.

Fergus Ewing: Thank you John. The papers before you ask the question of what makes a thriving rural economy? To that question I could perhaps add some others in the hope of getting some specific responses. For example, what are the barriers to rural development in the Highlands and Islands. Are there specific barriers that we can either eliminate or reduce in terms of difficulty? Would planning for example be one of those barriers to sustainable development in some cases and what more can we practically do working together to promote rural development because this body is about partnership and I do notice that the small hall is bedecked – as if for a wedding – that's because there was in fact a wedding on Saturday and they haven't had time to take it down – and in fact there have been – I'm reliably informed 10 weddings that have been formalised or celebrated in this building here today – so this is a place where partnerships are quite literally forged and begin – so that I think is a very apt comparison for what we do together - and the reason I say that is because to me so far as my input has been over 10 years as Minister – the best time is when we work together – we work in a really good collaborative partnership for example John Swinney chaired Working With Others and UHI in particular on delivering that marvellous campus that we now have – a treasure – an asset for the whole of the Highlands and Islands – which has the capacity to transform the nature of Highland society - bringing in people from all over the world as it does – so that resulted from a partnership of working together across many, many meetings led by John Swinney with UHI, with HIE, with the council – with all the agencies working together. At the moment we have – with Charlotte and myself – and with Margaret – a Lochaber Delivery Group in Fort William where we are seeking to meet the enormous challenges of delivering the proposed investment which would see in addition to the retention and the continuance of the good work in smelter forth rest of

this century – the creation of the manufacturing capacity for alloy wheels using the aluminium smelted from the power from our natural assets in the Highlands - and that partnership – and we've had 3 delivery groups already working together - is absolutely key. The Inverness Castle Working Group - where I work very closely with colleagues – co-chair with the provost of Inverness – but also again where we have partnership from Historic Environment Scotland for example as well as well as from HIE and VisitScotland – all represented here today – as James Strachan mentioned the Islands Connection Group – a partnership where we work together for many, many years – we haven't quite got there but we still see the possibility of getting there – with a possible route to markets. So I just wanted to emphasise that if COHI means anything – it's about forging partnerships; looking at where they're required – and I ask the question are there other areas in which the Scottish Government can work effectively together with either all of you or some of you in respect of individual projects, aspects or issues that we have? So far as rural development is concerned it's an enormous topic we have in the Highlands and Islands – a massive range of successes at the moment it seems to me – I think food and drink and tourism are increasingly being conflated together since so many of our visitors come here because of the high quality of our food and drink and the prominence of it – clean water - the high quality that we have is a great success story. HIE support the food and drink sector – money for new distilleries all over the Highlands and Islands has been a great feature and I could reel them off now but I haven't really got the time. The energy sector – both in renewables and in oil and gas – which I think will be making a comeback in the next few years – but especially in the renewables sector where the Highlands is leading with the largest infrastructure project ever in Scotland – the Beatrix Wind Farm – the world's largest - most powerful tidal array – major in Atlantis – and of course the Statoil of the north-east of Scotland – the celebration of the opening of the world's largest floating offshore wind - and as Fred Olsen – the guru of renewables – of Olsen shipping – told me in 2011 – Scotland won't necessarily compete with fixed bottom fixed offshore wind because the south of England have got shallower waters – therefore a competitive advantage because it will be cheaper to deliver them in shallower waters with less concrete and steel and therefore because we have the capacity to create wind farms floating – being deployed where the wind conditions are best – flowing in a different direction providing electricity at a time where the English wind farms will not – this again is an enormous opportunity for the Highlands and one which we're well placed to grasp with the good work and legacy that Callum Davidson left at HIE and that work now being taken forward by others. Of course tourism and the food and drink sector – the success of NC500 – the challenges in Skye, in Orkney and Arran - just to name 3 places where they're feeling the pressure of too many tourists is an example of the success of tourism and therefore we need to respond to that that and I was delighted that the approach from Highland Council and others led to the announcement by the Scottish Government of a Rural Tourism Infrastructure Fund - and I would be keen to hear about how we get the maximum benefit from this – there are of course many challenges of low wages in many of the sectors, fuel poverty, transport – which we'll come on to discuss - and connectivity – which we're having a specific discussion about this afternoon – so perhaps we could leave the discussion about that till this afternoon – but these are all relevant of course to the economy. We are taking advice from across a whole range of Scottish society including the National Council of Rural Advisers – who are the body that includes a very wide variety of different people with experience and background all over the

country. They're an advisory body. We represent the executive bodies here so therefore what I'm primarily interested from this discussion is to ascertain what more we can do? I haven't mentioned all the other sectors – but for example forestry – and Jo Harris is here from the Forestry Commission – an area where we've Norbord's investment of over £100m – and planning to double production pretty shortly – there are enormous opportunities and we're seeking to utilise rail freight schemes in order to take timber transport off our roads – that may well be an area where we will continue to work with you on that – in the construction sector we're going to need many more houses - in the area where I live in the Strathspey area – there is a huge shortage of housing – not just affordable but mid-market – and I know that the convener of Highland Council has taken up that cause – and therefore is there an issue about barriers to rural development being a lack of sufficient housing especially in areas where we may need a sea-change in the numbers of people coming for example Fort William. I haven't mentioned Brexit because I don't want to further depress the mood - and we don't need to rehash the discussions from this morning - but rather than touch on those further - because they've been well covered - I think I'll just conclude by asking this discussion if you can provide us with what further areas you think that we effectively could work together in partnership – just before I bring in the general discussion could I perhaps ask the chairman of HIE Lorne Crerar to give us further information about the good work that HIE are doing.
Lauren:

Lorne Crerar: Thank you very much Mr Ewing. Good morning everybody. I've been asked to talk to you a little bit about the role of the advisory group - which has been called the National Council for Rural Advisers - and I've been asked to co-chair that in my capacity as chair of HIE along with Alison Milne who has expertise in the world of agriculture and policy. So the role of the advisory group is to provide advice to Scottish Ministers on the potential implications of Scotland leaving the EU as part of the UK and secondly to make representations on future policy and support with the aim of ensuring that a vibrant, sustainable and productive rural economy. The advisory group – we have to deliver an interim report on the implications of Brexit by the end of November and the final recommendations on policy and principles for future rural support will be published in spring 2018. All of us who are members of the Convention are well aware that Scotland's rural areas make a tremendously significant contribution to the national economy. Our focus as an advisory group is in supporting the entire breadth of that contribution and helping to shape policy that will nurture and develop the potential of rural areas to achieve growth that is both inclusive and sustainable and remembering that rural Scotland accounts for 98% of our land mass and nearly one-fifth of the population is resident there. Over recent years the population of rural Scotland has continued to grow at a faster rate than the rest of Scotland driven by an increase in accessible rural areas and other key factors - and when I talk about the breadth of rural contribution I know that you as COHI members will immediately recognise - as the Cabinet Secretary has just described that our rural economy in the 21st century is extremely diverse. Our rural businesses and sectors are every bit as wide-ranging, as outward looking, ambitious and innovative as their urban counterparts - and it's vital that their potential for growth is recognised and supported. So apart from the co-chairs that I've just mentioned there – there are additionally 11 members who have been appointed by the Cabinet Secretary for their expertise and knowledge of the rural economy gained from working and/or living in Scotland's rural communities rather than members

representing their own sectorial industries. So I want to stress that agriculture, crofting, forestry, aquaculture and fisheries continue to provide jobs and sustain communities across rural Scotland - and their importance should of course never be underestimated – but at the same time however we're determined as an advisory group to ensure that the country as a whole recognises the full range of sectors that are already active and growing in rural areas. Tourism and food and drink are perhaps the best known – as the Cabinet Secretary has already mentioned – of examples of the sectors that show rural Scotland punching well above its weight - and we in this Convention also know the contribution being made by other industries – again being mentioned earlier of energy, life sciences, creative industries, financial and business services and indeed the university sector. We know the importance of attracting people to live in rural areas and we've heard much about that earlier on today -and we recognise the challenges that affect rural communities in particular infrastructure, housing, public service provision – all as evidenced in your extensive papers today. We do not expect to deliver the final word on either the implications of Brexit or the policy and principles for future rural support but we do as a group intend to clarify the scope of rural Scotland's potential, to recommend actions that will benefit the whole country through effective rural development and to ensure the voice of Scotland's rural communities and economy is heard and indeed heeded at national level. The next part of our task is a very active communication strategy ensuring engagement with all parts of the rural economy – and hopefully all of you – and create a broad framework of policy recommendations that are both relevant and generate enthusiasm amongst our stakeholders in our rural communities. I'm very pleased the Cabinet Secretary has asked us to take up this initiative. It's now for us all who are involved in rural development to make the most of that opportunity. I would urge you all to engage with the National Council on the issues the concern you most and my purpose is to assure you that we will listen as much as we can and take on board what you have to say. I'll now pass back to you Fergus.

Fergus Ewing: Thank you very much Lorne. Now I'll open it to the floor for contributions.

George Alexander: I would just like to take the opportunity to emphasise that rural development isn't just on the islands or on the periphery of the mainland. In Moray we have a huge area - as you know - of rural constituents who don't have transport; don't have digital connections - and it's very difficult to attract people like doctors, teachers – to an area which is rural in the first place – so has certain disadvantages – but then has even greater disadvantages when we don't have these sort of facilities. So I just want to make the point that it's not just islands and coastal areas. There are huge swathes of rural areas that we must keep in mind.

Fergus Ewing: Thank you. We've also Rod MacKenzie from the Crofting Commission and then James Strachan.

Rod MacKenzie: At the Crofting Commission we began to think about the kind of support the crofting system might need in a post-Brexit world to underpin not only agriculture but also their contribution to biodiversity, community and culture. We planned to commission a piece of research about this in the near future and would be very happy to make this available to the NCRA.

Fergus Ewing: Can I just mention that we have a manifesto commitment Rod - as you well know to produce a crofting development plan – and I know that many round the table have an interest in this and I look forward to working with you all to deliver that part of our pledge. Thank you for that Rod. James :

James Stokan: I was really interested in this because I wondered if the government was looking in any way at the value of that to itself in investment in the periphery and in the rural economy because now that the government is now looking at tax rates and VAT returns by pushing the money out to the smaller units - it goes through far more pockets and purses – and there's far more returns in the country – people out in the corporate wilderness – and it is interesting to note that the Highlands and Islands has this unique area and the north of Scotland is known for that. It's just making sure that that thrives and just wondering if anybody's taking cognizance of that.

Fergus Ewing: Thanks. Just to warn you that I'll bring Charlotte in at the end just to comment on some of the points. I'm perfectly sure that HIE are doing lots of work there and then to – Bill - and if there's others that wish to contribute and then Callum and then Alex. Bill:

Bill Lobban: We've got huge problems in our growth areas really due to the lack of housing. We can't expand our economy if we can't provide houses for people to live in and it's not just about affordable or social houses it's about mid-market housing, tourist rentals etc. So to keep our economy expanding in really positive areas we need extra housing and we need the process to make that happen.

Fergus Ewing: That point is very well made. John:

John Swinney: Can I just press you a little bit on that Bill in terms of what do you identify in Highland Council as the biggest obstacles and challenges in that respect?

Bill Lobban: I think one of the biggest obstacles is I suppose the provision of land for development at an affordable price. There is no doubt about it that many developers are sitting on pockets of land which they have paid a large amount of money for and are therefore sitting on areas that have planning permission for thousands of houses across the Highlands but they are not developing at the moment. We need to somehow break that logjam that gets them building houses that they've got permission for. I think also the infrastructure can become difficult. If we are building houses in places where developers want to develop but the infrastructure isn't there then some form of assistance would be really appreciated.

John Swinney: I think that something to dwell on here is recognising the significance of housing and sustained construction activity to try to draw together between government, local authorities and public agencies just some of the sites and the possible obstacles that are in the way for example we wrestled in the past when Scottish Water having plenty of connectivity - but in the wrong part of the country - which is nice but not very useful – and we've resolved many of those questions just by dialogue. So I think recognising the significance of all the issues we talked about in relation to population growth – it might be worth us taking away some work to be undertaken between government, local authorities and public agencies just to try to get all the ducks in a row to help with the wider development.

Fergus Ewing: Thank you very much. Calum and then Alex:

Calum Ross: Thank you. I think it will be no surprise to learn that I wanted to dispel the suggestion or rumour that perhaps there are too many tourists at any points anywhere and I think that we sometimes risk perpetuating that myth in some of our language. So to be really clear the tourism numbers we have are of course the result of sustained marketing campaigns on behalf of VisitScotland over many years but equally in Skye in particular – I know that you look at population growth alongside the tourism growth – and they've gone very much hand in hand – I think the challenge as we move forward is recognising that even in Skye there are many weeks and months in the year when it is not full as in other parts of the country and we need to work harder together to make sure that we spread the attractiveness of visiting to other parts of the Highlands during those key periods and indeed to do more to encourage them to come in January when there were very few people visiting. A good example just if I may finish with that point on even rate as an example – Inverness 6 weeks ago – you couldn't book a room for less than £225 and tonight you can get one for £85 at the King's Mill. So even in a short space of time – we've got a very concentrated season when there's lots of demand; lots of good rates – but outside of that we've still got a lot of good work to do across the piece. The rural infrastructure – the Rural Tourism Fund we've been talking about – is a critical point as we move forward because continuing to attract visitors to the area depends on providing the right experience - and indeed there are issues as we know around car parking and on toilets and on camper van pickup points – and these are the sort of things we need to work to address to maintain and indeed to continue to enhance that visitor experience and keep the numbers coming.

Fergus Ewing: Thanks Calum and let me be clear. We want more tourists to come but it is a point that has been made by others – not by myself – and I'm conscious also that for the islands and for Invergordon and other places the success of cruise lining has also led to questions about facilities available for passengers onshore when they arrive here. So that's another aspect of that I thought I should mention. Alex and then Cecil. Alex:

Alex Gallagher: I should reiterate that Arran is busy for a lot of the year. I think we could be a bit more busier the whole year round. That brings in questions like transport and other questions as well but my point is really a question for Lauren. How are we defining rural here? I'm from the lowland community and the question for Lauren is should we get engaged in do we join in with this? Are we included?

Lorne Crerar: At the first meeting of the Rural Council that was the most important question – how do you define rural in such a large paper between a series of academics as to how you would define it – so the easiest way to define is non-urban - and by that we mean major urban - and that's helpful because there are academics across the world that debate this as a matter of their job. So we're looking at it as being a non-urban community which is 98% of our landscape.

Fergus Ewing: Cecil and then Amanda. Cecil:

Cecil Smith: Thank you Minister. It says here rural economy. Well some of you may think Shetland is not rural but remote. I have a number of rural communities within my patch and they all like to be seen to be treated equally. I think the most important thing for us is transport – both from the mainland to Shetland and within

Shetland – and their island ferry services. Another problem that we have is the cost of that and we also have the problem with planning. Regulations will need to be looked at if we're expecting young people to build their own houses and to stay in the area. We seem to have - shall I say bricks – put in front of us all the time. Very important to us is the building of private sector housing. The cost of that in Shetland is about 30% at least higher than anywhere else. I think that the council is planning to try and help where we can with our young people but as the new leader to the council in Shetland it's my intention to try and work with all partners in the economy and the community but its most important for me I think is to make it aware that Shetland Islands Council is in partnership with the Scottish Government and that the resources is important to us if we're going to keep anyone in our communities.

Fergus Ewing: Cecil thank you very much. Amanda:

Amanda Bryan: I just thought I would reflect on a positive experience when I chaired the Isle of Eigg Heritage Trust - which is the community land owner of the Isle of Eigg – and we celebrated 20 years in community ownership and 20 years ago you would have said that it was very much kind of a community in decline – I don't think the same can be said today. It's moved from a population in the mid-60s to one of over 100. It's moved from an ageing population to one where every time we turned around there's another baby being born - and I would say it's one of the most enterprising communities. It's not just the trust itself but actually individuals making an income on the island and we probably have the world's smallest island brewery - although they have ambitions to expand - and the key thing that's standing in their way is the fact that they don't have any power on the island; we don't have enough water on the island – so there's no lack of ambition there – and just to reflect on what it is that's actually made the difference to that community and to turning it around. It's not rocket science - and many of these things have actually already been touched on today – it's been about having affordable housing – many people have actually moved back to the island not necessarily having a job but they've had access to affordable housing and that's actually made that move a bit of a no brainer from their perspective. It's actually been the improvements in the transport infrastructure – when you consider the ferry service 20 years ago and what the ferry service is now – and that's made a huge difference – and it is also about that supporting infrastructure and digital – actually through Hebnet who probably led the way in terms of community broadband - and having that access has enabled people to make their living off the island even though they're based on the island – and I think we can't underestimate the importance of that to the development of our economy – and unusually Eigg – 20 years ago didn't have an electricity grid - now it does – and people have a 24/7 reliable source of power – but again there's opportunities to expand on that and really to make the most of things like electric vehicles etc. However having said all of that I think one of the key things has been that it's been the community themselves that have defined what they want their community to look like and they have been able to work in partnership with different agencies – many of them sit around this table – that have helped them realise that and helped them realise that – and I think there's lots of lessons in that for us all going forward – and I think going forward it's how do we enable people working in these communities to realise their ambitions because I think there is no doubt that we've got very ambitious communities - albeit we've talked about the challenges of Brexit this morning - I think there's lots of people with lots of ideas out there but we have to perhaps take our blinkers off and realise that there are opportunities. I was

actually involved in a workshop just the other day actually looking at forestry and forestry in the Highlands and what might be some of the issues coming forward and the workshop that I visited was on emerging themes - and what was really interesting in that is actually the timber sector was saying that it's not just about saw logs anymore its actually more about fibre – and how we can actually look at this in a more holistic way and actually look at all sorts of different ways of actually utilising and processing that. So we're seeing sectors that might have been more restricted in their ways of thinking before actually taking their blinkers off and actually thinking much more holistically - and I think that's probably the same for all of the different sectors that we engage with round this table – so I think how can we as agencies work in a more creative way.

Fergus Ewing: Sorry to cut you off just slightly but we're running a wee bit short of time. So lastly to bring in Aileen:

Aileen Morton: In terms of sustainability I think we do need a more diverse economy. Argyll & Bute - probably the same as the rest of the Highlands and Islands – has real distinct areas. So each one of our main towns is entirely independent and not reliant on the others because of the businesses involved but when we look at things like the Tourism Infrastructure Fund - that does bring in – whether we're meeting demand or stimulating demand – so for example in Oban or Islay or Mull – it would be about meeting demand but we have other areas in Argyll & Bute where there's a real need to stimulate demand. Their economies aren't strong enough - and that does probably bring in as well that wider issue – what's in the paper around the National Council of Rural Advisers – and that detail about post-Brexit and things like that - and the last session - the need to kind of differentiate what the Highlands and Islands' needs versus what Scotland needs as a whole – and that additional support is about meeting needs but is also about exploiting opportunities. There are potentially massive opportunities in a whole range of areas right across the Highlands and Islands and how do we unlock that particularly post-Brexit?

Fergus Ewing: Ok thanks. Can I bring in Charlotte just briefly to respond to the debate and then I'll just say a couple of sentences in closing. Charlotte:

Charlotte Wright: Thank you very much. A wealth of stuff has come out in this short amount of time. Firstly on metrics I think that's a really important point that James Strachan raised earlier. In Highlands and Islands Enterprise we're ensuring that what we capture reflects those investments in all parts of the Highlands and Islands and we also see it's important in our role as part of the new strategic role to ensure that those metrics are captured at the national level to ensure that contributions from rural communities are part of the whole that we're measuring in trends of the progress of Scotland – so I think that's a really important point. On housing – which I think will come up again in the next item as well – just to highlight a piece of work that we commissioned with Ipsos MORI – Working with The Local Authorities – which indicates 1800 new properties per year are required across the Highlands and Islands to try and keep pace with demand. So the size of the challenge is massive. Amanda's beaten me to it so I don't need to say any more about the importance of communities owning their assets is absolutely critical in terms of the empowerment and capability. You mentioned the Tourism Infrastructure Fund is the right opportunity to build on the responsiveness of the Scottish

Government from the ask that was made of local authorities - and we've seen the challenges over the years – I think we need to work together here to see how we maximise the leverage out of that fund with other parts of the public sector – and probably crucially the private sector role in that as well – I think Aileen your point about place based distinctiveness – how we build on the assets - is actually for us a core part of the inclusiveness approach to growing Scotland's economy for example the role of aquaculture is really important to see that it produces the UK's biggest food export. The industry has massive growth aspirations so are we ensuring that we are doing everything that we can to support that growth overall and wider infrastructure – the long term strategy for us across the Highlands and Islands about where we invest in that infrastructure – and I include the developments and things like the UHI in part of that – has given us a lot of benefits to date but we need our long term strategy to realise that for the future.

Fergus Ewing: Great. Thank you and thank you to everybody that's – John:

John Swinney: Just linked into some of the things that Aileen was saying about that issue that has to be resolved about areas that are doing well and need more support and those that are not performing well - and I suppose that feeds into the agenda you've talked about Charlotte which is about identifying what are the real investment priorities - because I think one of the lessons that I learn from all of the work we've done in COHI is about having that clarity of almost an agreed agenda to allow us – that are struggling to have navigated a route which allows them to prosper and some of that might relate to the challenges that George raised around communities where – if you want to boost the population then you've got to have something to do and somewhere to live. I like the concept that Amanda raises about living as an island and making a living elsewhere but I think what is utterly key to that is digital and it will be very acute in many of the areas that George represents - and it's about recognising the fact that there's an interrelationship between all these different things which ultimately has to come through into making the right investment priorities - what do we actually invest these precious resources in trying to actually make it happen and how do we leverage other people to make investments? So if we've got private sector housing developers undertaking developments then to what extent can we get them to be part of the funders and supporters of digital infrastructure to enable that to support other developments? I think I would make a plea in all of this that we don't lose sight of the importance of agreed investment priorities and we have to have means for making sure that that is realised and it also delivers a binding participation on a variety of different organisations. It's no use just HIE's priorities being aligned in one particular direction. That needs to be consistent with local authorities; it needs to be consistent with UHI and the Funding Council; it needs to be consistent with VisitScotland and the Tourism Development Funds etc. so I think it's a helpful backdrop to the next discussion we've going to have about how does all that UHI come together into a cohesive agenda.

Fergus Ewing: Thank you John. I'm just going to make a brief reflection in view of the contributions that have been made many of which focused on various aspects of housing and the challenges facing some particular areas, some sectors and the additional costs as Cecil pointed out of building housing in some parts of the Highlands on land which in theory may be available or should be available but may in practice not be available. It would seem sensible if so minded that we come back perhaps at the next session of COHI to consider housing in the round and have a

thorough analysis of the range of complex issues that all interact and play to conspire against us in some ways in terms of the delivery of the housing that's required. I sense an agreement to coming back to that and the next COHI would allow us to focus on it. I just make one proviso which is that there's a Planning Bill coming up quite shortly which is an opportunity to do things differently or better and I wouldn't want you to hold back contributions right now about that because I think the contributions made would help us shape that Planning Bill to reflect the needs of the Highlands and Islands. So I make that specific request in case it's taken up by local authorities in particular. I pass back to the DFM.

John Swinney: Thanks very much Fergus. That's a helpful link into our next session which is on the Highlands and Islands post-2020 and I think one of the key conclusions I draw from that last discussion is the importance of us having very strong strategic alignment in what we're all doing across the work of government, local authorities and other organisations and agencies because through that strategic alignment we can give clarity to the private sector about our priorities and hopefully encourage and motivate their priorities. So the focus of this discussion will be around many of those questions and challenges to come. One of those challenges will inevitably be the importance of transport connections. So I'm delighted that the Transport and Islands Minister has joined us. Welcome Humza. We look forward to your contribution in this session which is being led by Callum. So Calum do you want to take us through the presentation to begin with and then I'll come to the Transport Minister.

Calum McIver: Thank you Deputy First Minister. As members will be aware a group of senior officers have been looking at what some of the key priorities should be for COHI and its constituent parts post-2020. Before I go into the detail maybe just a quick reminder of the background for any new members. At COHI in March 2016 it was agreed to initiate a process to consider these priorities. Senior officer workshops were held in 2016 under the leadership of the Scottish Government. I think all of the senior officers from all the constituent parts of COHI were involved in that. In October 2016 COHI agreed the 4 key priorities which were outlined there: digital and transport connectivity, education and skills, economic and quality employment opportunities and community. Follow-on senior officer workshops took place in 2017 and we arrived at a set of overarching strategic goals and some key priorities. These are detailed in the written annexes in your papers. The senior officers - as they were going through this - they decided to set a number of key principles. We wanted to make sure that it was a shared vision for COHI; that it added value to each individual organisation and it sought to address gaps in delivery. It was based around collaboration - that it was additional to what we're all doing; that it should lead to some form of material and measurable difference and it should have coherence and buy-in from COHI. We were doing this work in light of Brexit and all the uncertainties that that is bringing. So we were clear that we were in a difficult place in time to understand what the priorities were when we didn't know really what the outcome from Brexit was going to be. So Brexit was critical to all our thinking in this. We arrived at setting a set of overarching strategic goals around vibrant communities across the Highlands and Islands. We were clear that there was a very real population dynamic to all this and population growth was critical for the Highlands and Islands over the next period. We believe that it is absolutely critical that we attract new residents and new people to the area; we know where the demographics are sitting; we know the amount of people who are going to be leaving

the labour market; we know what the replacement cost for that is; and we believe that if there is to be growth that new people, new migrants and a new population is absolutely critical. There was a lot of discussion around where development is happening. I think the group were very, very clear that the Highlands and Islands are now radically different place as to where they were in 1965 when the Highlands and Islands Development Board was first set up. The work of the HIDB and subsequently HIE has moved the Highlands and Islands into a significantly different place and there has been transformational change in the Highlands and Islands but there are still parts of the Highlands and Islands that aren't sharing in that growth. So there was a lot of talk about whether we should be refocusing or putting greater focuses on the areas that aren't enjoying the benefits of that growth. We were clear that there was a real skills agendas to ensure that we have the right skills in the area to drive business growth and innovation. We spoke a lot about inclusive growth and fair growth ensuring that there was fair work across the skills economy and we believe that there has to be the creation of new jobs in all the key sectors which have been spoken about already today and there was that discussion of ensuring that a lot of these jobs or there is opportunity for these jobs to happen in the islands and on the periphery. We also spoke in detail about investment in communities and in infrastructure; the need to improve digital and transport connectivity; the building of new homes; and support for additional economic growth – a lot of that has been reflected in some of the discussions we've already had today. Moving into some of the detail on these areas then - digital connectivity: I think everyone was clear that modern high quality affordable and fixed digital and mobile services are absolutely critical to everything you're going to do in the Highlands and Islands over the next period. There's been significant progress made but connectivity improvements remain a significant priority. We know that there are initiatives in place to extend coverage. R100 is in place. We know there's a potential for some form of universal servers' obligation coming through from the UK Government. We will wait to see what that may mean. The group had a lot of discussion about what new business or what new opportunities could be built on the back of the new infrastructure but there was a lot of thinking done as well around the idea of ensuring that the infrastructure is there. So the key tasks - if you like - of COHI were around ensuring the R100 procurement is funded to ensure all homes and businesses in the Highlands and Islands receive the same mainstream solution as the rest of the country - and we're also talking about the outside-in model - to make an exploration of that model - to see what the implications are for the area and how we can use that to build speeds in different areas. Moving on to transport connectivity: transport as we all recognise is essential for the economic and social wellbeing of the area. There are particular regional challenges; our geography – we're dispersed; we have island communities; we have distance from markets and there is a backlog in investment. So a lot of the discussion was around these issues and how we can have fair transport links, that's what we're looking for. So what we ask of COHI is to support and champion transport infrastructure and service improvements across the region to make sure that there is fair transport and fairly priced transport across the region to serve all our communities. We were also aware of the carbon footprint of transport and there was a lot of discussion about how the push to deliver low carbon based transport solutions with the aspiration to move progressively towards a 100% low carbon footprint for the real and we also spoke - as I mentioned - the delivery of transport infrastructure that provides equal access to all communities to services and to ensure that these services enable growth. Education and skills was a key topic that

we spent a lot of time going through. The general outcome we reached was that the Highlands and Islands Skills Investment Plan – the SIP - which was launched in COHI in October 2014 remains a key tool and should remain the key tool. So we're asking of COHI to renew that commitment to the SI Pas the mechanisms for skills collaboration and co-ordination across the region. We talked about proactive support for the Northern Alliance and its effort to close the attainment gap; improve the health and wellbeing of children and young people - and we also spoke quite a bit about talent attraction - which fits in with population - of attracting new talent to the area and ensuring that we're bringing in the talent that we require. So the endorsement of the Highlands and Islands Talent Attraction Return Strategy is critical to what we want to do - and we spoke about each area and each organisation potentially identifying a local talent attraction champion to collaborate drive that attraction of new talent forward. Economic and quality employment opportunities: a lot of discussion around this. I think there was general agreement that the longstanding HIE focus remain valid and that should continue albeit with that discussion around the focus on islands and periphery being in there as well. We identified 2 substantive new opportunities in the marine and the energy rates which we dug down into in quite a bit of detail. So that marine strategy which potentially incorporates a range of different things from the oil and gas sector to decommissioning to tourism – a range of different things – so we're asking of COHI that they endorse the development of the next stage marine regional strategy. Islands' interconnection: we touched on earlier - and the group's seen that for the islands to thrive and make the best of the renewable opportunity that's presented to them and we should keep that focus and that push in regard to islands' interconnection – and we also spoke about fuel poverty and HIE to potentially publically pledge to achieve high energy efficient ratings across all domestic and commercial properties and for COHI as constituent parts to work with government to influence the form and function of the proposed government owned energy company. On communities: the key thing that came forward in the discussion around communities was the issue of housing. I think everyone spoke about it begin absolutely critical that we have the right housing in the right place. I think we're all clear that we have greater financial resources for housing than ever before so the financial resource is there but there may be other blockages in the system. So that issue that we spoke about was the flexibility in the most peripheral areas to have flexibility on national approaches to help simplify the processes and help increase the pace of delivery in our most rural and island area – and we wanted potentially to explore greater risk-taking in regard to the financial envelope. It becomes very challenging from some of our registered social landlords to take a lot of risk which can hamper development and move forward. So in the financial modelling of the affordable housing programme in particular are there ways for more risk-sharing and more risk-taking can be put in place to ensure that the constraints on building in the most peripheral areas are removed - and of course Brexit impacted and informed everything we're doing. So obviously a major area of impact and we touched on all this earlier in the session led by Mr Russell and Mr Burr. I won't repeat all that because it broadly reflects everything that was said earlier. We're asking of COHI to recognise the specific impacts of Brexit on the Highlands and Islands are clearly reflected in the Scottish Government's policy and in the Scottish Government's negotiations with the UK Government and for COHI members to be involved, engaged and informed about developments as they move forward. That takes us to the next steps and obviously today facilitating a discussion around some of these

issues and we're looking for COHI members to approve further work by the Senior Officers Group to refine down into what is deliverable some of some of its work would now be; for us to identify the risks and resource implications of this next phase of work; to develop an implementation plan; to provide collaborative co-ordinated action amongst the Senior Officers Group and among the constituent members; and for our plan to develop for an annual report on implementation to be provided to COHI. That Deputy First Minister summarises where we are.

John Swinney: thanks very much Calum. What's important across these 10 things is to place a level of cohesion so that we've got very much a shared agenda and it actually means that the Convention of the Highlands and Islands becomes increasingly focused on how we deliver in a time that we all recognise is going to be very tough given the implications of Brexit - as much cohesion as we possibly can to make the most of these plans. So that's a very helpful backdrop and thank you to all of the officials who have been part of this the work which is very helpful. Humza do you want to give us some perspective from transport and the islands – your responsibilities – and then I'll come to Shona on the skills issues.

Humza Yousaf: Thank you Deputy First Minister. Thank you Calum for that presentation. I suppose a couple of things that I would add just on the back of the presentation. I thought the 3 strategic goals: population growth, inclusive growth and investment in communities – and transport is clearly a golden thread that we use throughout all of those - so I understand most certainly the importance. The second thing I would say is a genuine thanks for many stakeholders here who have already been part of the national transport strategy – and I'll maybe just spend a couple of minutes talking about that before moving on to further discussion. We committed ourselves to a comprehensive review of the current national transport strategy. Our aim is to develop a successor strategy – one that sets out a compelling vision for transport over the next 20 years – the approach we've taken means that at the moment we're establishing a very robust evidence base. We do that through our research and evidence working group chaired by an external academic and that helps to underpin the review while working in close collaboration with a wide range of stakeholders – many of whom are represented in this room today – engaging of course also with citizens of Scotland through a programme of Scotland-wide initiatives to ensure that the transport users themselves can be part of this review process. The review will look at a wide range of issues and themes from connectivity and integration to transport needs for rural, urban, coastal and island communities to roles and responsibilities and transport governance. We've run an early engagement survey in the first part of 2017 followed by a call for evidence which closed in the summer and the results of both will help to inform deliberations of our national working groups. Upwards of 60 odd stakeholders and organisations are represented on our national working groups and our national forum. We've set up dedicated national working groups to look specifically at tackling inequality in transport; promoting greater access to disability; looking at transport as an enabler to sustainable and inclusive economic growth; how transport can be greener and healthier and how we can build an even safer - and of course importantly – resilient transport network. A national partnership group comprised of a wide range of key external stakeholders is in a position to offer us very specialist insight and knowledge as the review process progresses. We're committed to ensuring that the NTS2 is aligned with the emerging policy and legislative landscape of Scotland and that includes such undertakings. There is of course the planning review, the enterprise

and skills review, city and region growth deals and of course the forthcoming Transport Bill as well. We'll be working towards a full public consultation on the draft NTS strategy or NTS2 in early 2019 and then publishing the final version in summer 2019. So from now until of course that point there will be engagement in and around the working groups; the consultation that we'll be doing Scotland-wide – it will be integral to that public consultation. I urge you of course to engage with that review. If you're involved you're very much more engaged in that review. If you feel you should be involved in one of our working groups then of course I would like to hear from you as well. In terms of the current strategy – of course that one continues to be our overarching transport strategy – despite the fact that we're going through this review – it's an evolving process – it doesn't mean of course that anything isn't positive. If anything of course we are working hard to ensure that communities in the Highlands and Islands transport needs are very much met whether that's recent announcements around the tourism infrastructure funds or whether that's of course as Calum has said realising the low carbon ambitions that Highland and Islands communities have and we of course continue obviously to work with them to realise those ambitions. I think that's all from me Deputy First Minister. I look forward to the discussion.

John Swinney: Seonag, from the skills perspective please.

Seonag Campbell: Calum naturally mentioned the Highlands and Islands Skills Investment Plan earlier on in his presentation but for those that are new to COHI its maybe just an understanding that HIE provides a strategy to ensure that the economy is well prepared to respond effectively to the skills, challenges and the opportunities that impact all of the areas of the Highlands and Islands. It sets out some key themes to ensure that we meet the needs of employers now - and in the future – and that we create a region for young people and a place for people and business to flourish. The Programme Board are a regional skills partnership that are tasked with implementing the SIP Action Plan and that's chaired by Norman Macdonald and it provides a forum for local and regional skills issues are aired and are explored solutions by a collective that includes enterprise, economic development, education and skills. We recognise as a partnership that timely intervention on skills is really very dependent on having reliable evidence of needs. So SDS provides annual regional skills assessments – one for the region and one for each of the local authority areas and this includes disaggregated data for 3 areas of Highland and for the 4 administrative areas of Argyll & Bute as well as a composite Highlands Report which supports the work of the islands deal. We're also working on the development of local skills plans and they provide an opportunity for more local analysis of the skills needs and issues and what the economy needs and they provide an action plan in which all the partners will come together and actually respond to. Skills plans are now in place for Orkney, for the Outer Hebrides and for Arran and we're working on plans for Moray, Shetland and for Caithness and Sutherland. Significant progress has been made in efforts to address the perception of overly complex and confusing career pathways post school. We've been working very closely with colleagues in Education Scotland and the Parents' Association to provide more clarity around subject choice; more innovation in the curriculum and more impetus to implement the national careers education standards so we're all working together. The aim is to increase the synergy between the school and the college curriculum so that there is increased choices and awareness pathways that lead through the senior phase into employment with continued training and on

through into further and higher education. Over the next 2 academic years we aim to deliver approximately 400 foundation apprenticeships in schools, colleges and workplaces across the Highlands and Islands. This is a contract value of approximately £2.8m to the UHI Workplace Learning Hub which co-ordinates that activity. There are 9 foundation apprenticeship frameworks in place that support those sectors and we're working to develop foundation apprenticeships in construction, food and drink and in accounting. In the past year we've delivered 3305 modern apprenticeships in the COHI region across a whole range of frameworks that support the economy and help our young people living and working in our communities. We have responded to the national apprenticeship levy by widening the modern apprenticeship access to the public sector and promoting the any family offer as an opportunity for the public sector to meet the challenges that they face in ensuring a sustainable and skilled workforce. We welcome the activity undertaken by many of the local authorities to pursue modern apprenticeships to recruit and up-skill their workforce including our own initiatives that have been developed through Argyll & Bute Council and also the investment in 150 modern apprenticeships in Highland Council. We're looking to support that further because we recognise that 34% of employment in the Highlands and Islands is actually in the public sector. So we intend to do some more research into the needs for recruitment and the up-skilling needs of the public sector in the Highlands and islands and we'll draw these actions into the HIE SIP. We're currently finalising national contracts with colleges and universities for bids to deliver 11 graduate level apprenticeships. These present an opportunity for young people to be in employment while graduate and master's degrees and qualifications. UHI are currently involved in delivering civil engineering graduate level apprenticeships but they hope to extend this work based learning offer in other degree qualifications. Bord na Gaelic has published its draft language plan and that highlights the urgency to the workforce in Gaelic and pre-school education. They have funded a full time officer to develop talent attraction in Gaelic teacher recruitment and SDS and partners are working to support the entry into this career area through the development of Gaelic foundation apprenticeships children and young people. We're all aware of the recommendations of a greater skills alignment that have emerged from the national enterprise and skills review and from the outset the HIE SIP has articulated the need for learning and training provision to clearly meet the needs of employers. The Regional Outcome Agreement sets out clear targets for delivery in foundation and higher education courses that meets the local and regional economic need and the University of the Highlands and Islands have consistently exceeded these targets year on year for the past 5 years. We welcome the investment in new student residences that will provide 420 additional beds in Highland and Moray and these will provide an opportunity for more students to study in the region and from across the region and we're also working with partners to develop a proposal for Oban as a university town. The granting of research degree awarding powers to the University of the Highlands and Islands in June 2017 will enable the expansion of post-graduate research numbers and we are confident that the transfer of the nursing degree course to the UHI and the on-going development of the School of Health will make some significant inroads to meet the challenges in the health and social care workforce that all parts of the region face. In the year ahead the HIE SIP Programme Board will seek to more actively support the aims of programme that are the focus for the Regional Education Partnership – the Northern Alliance. We'll work closely with them to support the activity of the DYW Groups so that they increase the

engagement between school and employers. We'll provide them with labour market information that will help shape the curriculum and ensure that the local economy has the young people coming into take these opportunities. By far the biggest challenge that we face as a partnership and as a region is ensuring a pipeline of skilled people to fill the jobs that already exist and prepare for the workforce for the future while we're addressing this real challenge of an ageing workforce. The urgency around these challenges as effectively presented in the recent regional skills assessment which indicates that within the next decade a total replacement demand for people who will retire or leave the region will create a requirement for 82,800 jobs in the Highlands and Islands and this at a time when we're facing all the uncertainties around Brexit. Currently the working population of the Highlands and Islands is about 260,000 so for almost a third of that working population replacement demand is going to be required. You will be aware from the earlier presentation of the work being led by HIE to develop a regional talent attraction strategy. This will provide a collective response that ensures that we promote opportunity to live, learn and work in the region for our indigenous population but also to attract a skilled workforce. Talent attraction must be one of the key priorities for the HIE SIP Programme Board but for all the partners and all the agencies in the years ahead. On a positive note though we really look forward to responding positively to the great opportunities for employment that will emerge through the proposals for innovation, infrastructure and jobs that are being progressed through rural and urban growth and city deals. We welcome all the opportunities that will arise through the Lochaber Smelter and we recognise the potential for continued growth in our tourism and food and drink sectors and the ability to harvest the economic potential from sensitive development and stewardship of the marine environment. There are exciting times ahead in the development of the digital work environment and in the field of renewable energy and the aim of the HIE SIP is to ensure that our actions renew the energy and focus of our people through our planning and the provision that we will need to meet the skills requirement post 2020.

John Swinney: Thank you very much Seonag and there's some very alarming statistics in there. Your 80,000 one is a bit of a breath-taking statistic. So lots to think about there. We've got some time for open dialogue around the issues raised there. Thank you very much to the contributors. First of all Margaret:

Margaret Davidson: Thank you very much Deputy First Minister. Can I thank you for at least mentioning 3 times in the last 15 minutes the need to align our strategic priorities and we need to think about how we're aligning our investments in the Highlands and Islands because we're all sharing the same issues on many things. I realised with alarm earlier today that actually Skills Development Scotland isn't even a whole member of our Community Planning Partnership and I'll deal with that. They're on the Chief Officer Group but actually we need to hear those messages every time we met together as a Community Planning Partnership and we need to take ownership of them. So thank you very much for that. We've got a session on digital this afternoon and I'm prepared to leave some of my comments till then but the issue for me is I've spent the last month talking to people about the new programme for the council seeking input. I've been round all of our area committees – I've been round 7 – I've one more to do – and it's no surprise that the 3 things that come out top everywhere are: broadband, housing and transport. These are the key issues everywhere and now I have to say what can the council do at its own hand and what should we be hoping for with our partners because this is

not just about what the council can do. What I'm very clear of is that people are very appreciative though that they've got the high speed broadband and that there are many others that haven't - especially in the peripheral areas - and I'd like to talk this afternoon in particular about encouraging some interim solutions around wireless broadband which is simple and cheap to put in place. I'll bring that up later because there's a lot of interest in the private sector by small private developers around wireless broadband at the moment and I feel we should be fanning those flames as an interim solution while we're waiting for fibre broadband to appear. I was very taken with the paper on talent attraction. I felt that was really important. I see the recommendation there which is that we continue this work in the HIE SIP but forgive me I can't agree with that. That really needs to be at the Community Planning Partnership level. It needs to be something that we're all doing. We need to have that voice clearly heard there and I believe we need more than a talent attraction champion. I think we need to think about officer attention to this and we maybe do some joint appointments across some of the public bodies to ensure that we've got the necessary resource to help us do this. I'd also ask the Scottish Government to maybe think about how you can help us market. Again when I went round the Highlands what struck me was that areas like Badenoch and Strathspey and Lochaber - great places to live and there are growing economies there but we're underselling ourselves. I've got VisitScotland 2 seats down from me here and they along with VisitBritain have been actually really good at doing some marketing for the Highlands - and that's been great - but maybe we need as a nation to be marketing the areas to live where we need to increase our population because it's really critical and again the conversations we had about Brexit. It's about actually looking at our small communities and what do we need to invest - people like to live in communities. You get someone embedded in a community in Highland then they want to stay there and the wee village that I live in Abreochin - we've grown in 2 GPs and they're both working in the Highland because they want to work in rural communities. So it's about making sure that we've got the key ingredients of what sustains a community and some of it is around sustaining public services but the rest is about making sure that the things that will free the enterprise in there and encourage people to stay there are there to work. So thank you for your comments very much about aligning our strategic priorities. Housing: again maybe we do a key offering next COHI but Cecil is correct that some of those issues are around planning. It seems perverse sometimes. It almost stops families staying but we need to analyse exactly what that is and what we can plan to do. We've actually been blessed with an infrastructure plan throughout the city region deal which is actually helping open up housing sites for us but I daresay we'll soon exhaust it because we're off to a start but we need things like government backing on some things. If we start saying to developers you've done nothing there for 10 years and we're going to de-zone that area for housing. I can give you a clear example actually. The Benedictine Order in Fort Augustus owns a big area of land which was zoned and once had permission for 80 houses back in 2007 - now we all know what happened in 2008 - the bottom fell out of the banks and housing development - but in the interim we re-did our local plan and we had that area de-zoned. We made representations that we didn't need to have that area zoned for the village. They're going to sell it to the community next year at a greatly reduced price. Now maybe there are other places - and of course we'll do some house building - because we've got land that we can easily access. So I think there are issues that you can help us with; issues we need to articulate better ourselves and also the new Council of Rural

Advisers or whatever they're called – that needs to also be giving the same messages so that we're all very clear about what the key issues are. We've got enough to do in the next few years sustaining our communities to be fighting on different sides of anything.

John Swinney: Thanks Margaret. James:

James Stokan: Thanks very much Deputy First Minister. We covered about housing and I know we're going to do digital this afternoon so I think I'll stick to transport - and I know that the Transport Minister won't be in any way surprised at this – I really value the opportunity that we have to refresh the national transport strategy. I think it's vital. Our area – half the landmass of Scotland – the most challenging transport issues you could possibly have - and also I think we really need to make sure there's a lot of scope in that: innovation and new ways of working because I think there's something's that have been missed out in the past particularly coastal shipping and doing things in different ways – it may save some of the infrastructure – getting freight on the train – and one of the things I note – freight isn't in vogue but it's the most vital thing for us to make our economies work and finding new ways from forestry on rail right down to boxes and looking completely beyond because we always got consultation on everything we do on transport but really we need to engage with the people who are moving goods to make sure it is as efficient and effective as we can and decarbonise all that as we go ahead is a real opportunity in that for us – but I want to go back to my main issue for today – and it's been a main issue since 2007 – since the Deputy First Minister first put IT in place is some of the challenges that we have. I was delighted to hear Callum and Ian saying that the most important thing is making sure that the service is everywhere and I want to come on to the huge challenge – the biggest risk on a risk register – for the Orkney Islands Council is our internal ferries. Speaking about fairness and equity – but that's nothing to flounder – and we're really getting less than half the calls from the government – it's totally unsustainable. It would be like the UK Government saying to Scotland we're going to fund rail but Scotland's only going to get half the funding of the service. We can't carry on the way it is and we've spent hundreds of thousands of pounds - multiple manner with HIE, HIE Trans, with the Scottish Government – all invested in something and now the evidence is clear that our service in Orkney is the poorest service for delivery of opportunity to travel. It's now the most expensive and when we come to April it will cost more to go from an outer island in Orkney to Orkney than it will cost to go from the Orkney mainland to the Scottish mainland. That can't be a sustainable position and we've worked – and I've been to the Transport Minister - Shetland have this issue too and we need the support in the core budget for those ferries right now otherwise it is a significant word to say but it is discrimination against some of the most fragile and vulnerable islands that we have and you've got to remember an outer island in Orkney has a double ferry journey and freight costs kept moving up and up.

John Swinney: Gary:

Gary Mulvaney: Like you some of the stats here and there were really quite shocking. They really present the challenge that we but I'm an optimist and I think we probably in a better position to rise to these challenges than we probably have been for some time and I think we do have a lot of things joined up and I think we should really start celebrating some of that as well as being responsible and thinking

about how we're going to go ahead but again can I just refer to the teacher training that's taking place in the Highlands and Islands. We've got 107 new young people studying to become future teachers across the Highlands and Islands. This is the first time ever that we've had that taking place and it should make a significant difference. We've got 130 new nurses that are now on our training courses for pre-registration in the University of Highlands and Islands. It's a start. These were people who would likely have been there when Stirling was running it - let's be honest but it's a start and we've now got to start Highlandising these programmes so that they're not just in Inverness and at Lewis Castle College but that the benefits of having that in the Highlands and Islands are felt across the every part of the Highlands and Islands and we are committed to working with our partners across the whole of the area to make sure that we can do that - but we've got to take it further. We've got to make sure that we cannot just be looking at nursing but we can be looking at midwifery; we're looking at allied health professionals and we're looking at things like mental health nursing where we know that we've got a very significant shortfall and a very real need and we've got a real opportunity now that we've got our foot in the door to start working with the Scottish Government with the Health Department to make sure that we are in a great place to respond to that. So far we have had fantastic support to develop that as we're going forward. We've got 170 new PhD students studying in the Highlands and Islands – a fantastic resource they are for all of us just by living and working in our communities they're a fantastic resource and they're all working on things which are relevant to the Highlands and Islands and we'll get great results from that. There are 117 new masters' programmes. We're looking at developing a programme for professional doctorates which should be able to help every single employer in the area who struggles to recruit. So these will be for people who are working but want to continue to study for their doctorate - as they're working – we will be able to support their research capabilities and supervision as they're working - perhaps over a 4-5 year period – doing research which is relevant to the region – the way will be able to progress to get their doctorates. What an offer that is to trying to attract people to come and work in Highlands and Islands – something that we wouldn't have been able to have done before. With the Scottish Graduate Entry Medical Scheme which the UHI is an integral part of – we will be able to start providing much more in the way of doctor training within the Highlands and Islands – again something which even a few years ago we would have thought was just an impossible dream. So we've got some real opportunities there. We've got to make sure that we build on every opportunity that comes our way. The Lochaber Smelter – fantastic opportunities for jobs that are there – and there's going to be a very, very significant training need and requirement there. Let's make sure that as we're doing that we use that opportunity to strengthen Lochaber College - where it's located - but also making sure that the training facilities are of advantage to all of the employers in the region - and not just the single employer - and we can do that by working together and working collaboratively to make sure that we have that and I think that one of the things that we sometimes overlook is that we are now in a position where we are developing a region which is really, really welcoming and supportive of young people. We are a region for young people. We have – I think – a single students' association across the Highlands and Islands; we have developing student accommodation; we've got students and young people working and living in every community the length and breadth of the Highlands and Islands - that creates a fantastic opportunity for employers, local authorities, other agencies across the length and breadth of the area to be linking in

with young people and students and really developing that workforce to be that we need for the future. So yes it's going to be a challenge; Brexit is a bit of a bummer; financial situation that we've got going forward is going to be tough; we have got a lot of fragility in a lot of our smaller colleges which are going to face challenges in the coming years which we do need to watch and work with the Scottish Funding Council to make sure that they are strengthened – a tremendous opportunity - and we look forward to playing a part.

John Swinney: Thanks very much Gary. Alex:

Alex Gallagher: I would like to go towards the marine part of this. It's a 2 point approach – just to let you know that we in North Ayrshire actually have quite an advanced marine plan. We're working with Clyde Marine Planning Partnership and we have already quite advance plans which we have talked to our neighbours in Argyll & Bute and I'm looking at paragraph 20 here – which lists all the areas which might be in a cohesive plan – as the Deputy First Minister says - it doesn't actually mention the Clyde Marine Planning Partnership so I would suggest that if we want to be absolutely inclusive to have everyone in the partnership to be part of this approach then I think we need to think – again it's the same point I made earlier – where we are not Highlands and Islands but we are part of this partnership. I'm not sure if it's just problem with the secretariat not noting it down or whatever but we are well advanced in this and we could contribute to whatever plans other areas might want to make. We've already talked at officer level with Argyll & Bute - and I think Argyll & Bute – they're also in the Clyde Marine Planning Partnership – we have a slight definition problem here – I'm not saying it's a big thing but I think it's worth here noting that all the partners should be included in.

John Swinney: Thanks Alex.

Aileen Morton: Thanks Deputy First Minister. I'm conscious it's really a substantive item so I'll try and pick up on a few points as briefly as possible. We do have the update on the enterprise an skills review so it's just to mention that Argyll & Bute currently have an enterprise split where 3 of our administrative areas are under HIE and then the fourth one is with Scottish Enterprise and we see the same split across the other agencies like Skills Development Scotland – so the council following the enterprise review we have now informally agreed that we would prefer the entire area was under HIE to in essence meet that kind of simpler and more coherent system for enterprise support that can be picked up in future discussions. Can I say in terms of the papers overall that I think in the work that the Officer Group has done that it is really good to see that come forward but I suppose I would say which is merely partly picking up on some of James' comments about ferries and things like that that I think that if we were speaking on behalf of our communities the one that they would all focus on would be transportation. I think it is viewed – and when James uses language like discrimination that is because people view these services – whether its roads or ferries or rail or air – they are lifeline services and people feel the need for them and the impact of any loss of service just so massively – and I think it is that – again it comes back to that kind of meeting needs but also unlocking economic growth as well and it is the key focus – there's no issue with the recommendations I don't think – but I think it probably would be the one that is absolutely a top priority – and then just briefly in terms of the marine economy I think we would maybe want to pick up – Argyll & Bute has seen massive investment

in agriculture but we would want fishing picked up properly as well. I think there was a slight concern that maybe it was being overlooked and it was always just quite straightforward questions I suppose but there was a reference to the Science and Innovation Audit and I think the outcome should be known this month and as you will see we did know the outcome of that was because obviously that made quite a big difference to how that moves forward.

John Swinney: Any other comments? Calum:

Calum: Deputy First Minister just in relation to the energy item a number of the authorities in COHI have either fairly advanced plans or have been investigating proposals around energy companies and becoming an active player that market and they're just looking for a little bit of advice around the proposals for a national energy company and whether that would be viewed as being complementary to some of those activities as opposed to going into competition because it would have a fairly significant impact on the viability of some of the proposals that local authorities have been taking forward.

John Swinney: Fraser:

Fraser Durie: Thank you Deputy First Minister. I would just like to reinforce what's already been said about UHI but from an Argyll College perspective – because we're quite new in the relative firmament of colleges – and I think the additional contribution we make is a good measure of what's already been delivered by UHI colleges throughout the region - the ability to react to the teaching for example – we picked up some primary school teaching which means that we can deliver to a family who's living on an island – we can actually get a well-paid professional job through that. So as we've been developing I think we're catching up with the others and what I think Argyll & Bute are seeing is the multiple advantage of developing a broader education offering and the fact that you're not losing young people – you're retaining young people with all the dynamics that that introduces to the local community but you're also producing a pathway which allows them to progress and would just reflect that making a thriving rural community. Well that's one of the points which I want to come back to. It's a professional job within education. It's providing that opportunity for people who don't. We don't chase them. We're not saying that they should stay if their ambition is to move then that's fine but it's still our offer and I suppose when you came in you will have seen the sign which said Oban: A University Town – and that is not an exclusive statement. It's an exclusive statement which is very much as we've developed that. It's been about including schools - it's getting the council involved – it's looking to what is that broader perspective that retaining education even to the point of accommodation which gets quieter during term time – how can that contribute to the economy with talent attraction coming in. So I read with interest both the talent attraction and the skills but I think that there's a drawing together of everyone's plans which needs to be done and education plays a central role in developing the economy because the more of course they can develop the more funding that gets brought in; the more jobs that are available; the more money goes to local authorities in terms of council tax etc. There's a multiplier that operates there - and you then start drawing people from other areas to provide - the sort of the workforce in the future. I think there is a greater emphasis in drawing those things together and see what they think about it.

Just a small point that in relation to the attraction and retention particularly of the young people - that Gary mentioned there – into the Highlands and Islands I think sometimes we forget the cultural and the creative and the environmental areas of life which are so crucial to life outside of work and education in helping to retain and attract people that these areas of life are incredibly important in terms of developing with confidence and self-confidence among people in creating their own identities. They're industries in their own right but they're also very crucial industries in terms of supporting the work that gets done in terms of attracting people into housing, into jobs and other areas and as I say they're both an industry in their own right which is important and here in the Highlands and Islands we actually have huge resources in these respects that perhaps other areas in Scotland don't have and sometimes I think we forget to focus on these particularly in the areas of life particularly in attracting and retain young people into the area.

John Swinney: Charlotte:

Charlotte Wright: If anyone wants to then they can catch up with me over lunch today.

John Swinney: Ok. Any other comments. Let me just slot them – Humza do you want to –

Humza Yousaf: Thank you Deputy First Minister. In terms of just addressing what was said by Councillor Stockan with whom I have had a number of conversations around this issue and to coin a phrase: I salute his indefinability on this issue. It's one that he's raised on a number of occasions and I'm not of course unsympathetic to the pressures on Orkney and Shetland Council in terms of the internal ferry services but what I would say is that that discussion of course will be on-going. I think the next discussion will be with the Cabinet Secretary for Finance and of course I know it's one that they welcome and that will be the right forum and the right person to be having that discussion with. I would take slight issue with the terminology of discrimination. There are a number of internal ferry services that run across Scotland that are the responsibility of the local authority. A common ferry – Gourock to Kilcreggan - and of course we do have a fair funding principle to engage in that fair funding principle and it's fair to say that I would be more surprised if you hadn't raised the issue of internal ferry services here the fact that it has been raised. On his other point around innovation I think Councillor Stockin makes a very good point – indeed I know he's a champion of L & G and the other low carbon alternatives as well but in terms of his views on freight and forestry freight in particular moving that on to rail the Cabinet Secretary Fergus Ewing has been leading on some of that work and of course without saying too much because of sensitivities – I think we're on the cusp of some exciting opportunities on that front -most certainly – but I'll continue of course to engage where I can with Orkney and Shetland Island Councils and we'll see how the discussions progresses as the budgetary process progresses. In terms of some of the points that were made also by Alex Gallagher - his point generally around North Ayrshire Council's inclusion – his specific point around Clyde Marine Planning Partnership – can probably be addressed specifically but on the general point noted the importance of North Ayrshire Council in the islands' context – that is why I was pleased that we expanded our Ministerial Island Group to include North Ayrshire Council which has been a positive step for all that have been involved. That's all I have to say.

John Swinney: Thanks Humza. Let me close the discussion. I think there's a number of very helpful observations that have been made there and I think also that recognition of the importance of shared priorities across the different organisations and we'll reflect that in the outcomes that we for identify from this agenda. I think without getting into cumbersome territory of grand planning I think the suggestion that's here in the paper is a welcome one about this general willingness to work around in a complementary fashion can be distilled into a very focused set of plans and deliverables the allow us over time to look at what are we achieving here. You will have seen that on the renewables agenda; we've seen it on the digital agenda – so let's just get that into a wider sense because the challenges – without wanting to be in anyway pessimistic – the challenges will be very significant in the period going forward – and some of the workforce issues are very challenging as well – so the need for that cohesive approach is crucial. I think in amongst all of that there also has to be space for innovative thinking and doing things differently because I'm very encouraged by the greater sense that we're realising the potential of the UHI development with the opportunities to fill the learning challenges in a widespread sense by the active participation of the Highlands and Islands within them. Equally in my own responsibilities is a very good example as well which helps us in a wider canvas by thinking innovatively about how we deliver education. So there's I think a lot of thinking being gathered together here. We will of course come to quite hard conversations because things ultimately come down to money – I used to believe that when I was the Finance Minister but no longer believe that as I'm now the Education Secretary – but when it comes to recognising that broadband is the biggest priority for everybody that can't just be a one-way street of the Scottish Government putting it's hand in its pockets. It's about aligning investment across the local authorities. So if every community – Margret is telling you that broadband is the biggest priority – I look forward to that being reflected in the capital plans of Highland Council - which I'm sure it will be – so I simply make that point to register that if we actually move in this direction we could get a lot more impact by aligning our priorities equally. There will be challenges in responding to every single request for financial assistance James that comes forward but that's going to be – I'll say that from my old perspective on the world – to say that the Finance Secretary has trouble today – but I think the more we can enter into the spirit of trying to recognise – given the challenges we face; given the fact that we've got a pretty agreed understanding of what those challenges are; how can we deploy our resources between all public authorities and our priorities in a fashion makes that the most impact and addresses those issued I think that's a very helpful process that this paper has signalled for us and also something that gives us – the challenge of COHI is that you can have a collection of 5-6 different discussions at every meeting which are interesting and important to have but I think of much greater value is that we actually put some chalk on the board on what we can actually deliver as a consequence of findings. Thank you Callum to you and your colleagues who produced this paper and gave us a thoughtful opportunity today to take that forward. Ok. So we'll break here for some lunch. We'll reconvene at 2 o'clock. Fergus Ewing will be reconvening in the early part on digital connectivity and Aileen Campbell while taking us forward on health and social care and I'll join us again later on this afternoon. Thank you very much.

Fergus Ewing: We hope to have the indoor 4G services by the end of this year but again had we not sought and obtained from Ofcom that 95% obligation then there would have been no obligation for which the mobile companies had to comply and therefore by pressing for that - and getting that – we have secured more access for parts of the country for mobile telephony than would otherwise have been the case. Again if you are in a non-spot or otherwise do not have access then these good figures are of very little consolation and I absolutely get that and I accept that. Every day I do get letters about broadband and every day I try to reply to them myself – pass them usually - I'm afraid - to Stuart Robertson here and Colin Cook – who's not here – who have to do all the heavy lifting – but I think people are entitled to a reply - whether they be writing on behalf of communities or ordinary individuals in Scotland – they're all entitled to an answer from me as their representative - and they get one - unless they're exceptionally rude – which does happen – rarely I'm pleased to say. So we have collaborated with the mobile industry to improve coverage and we have a mobile action plan - and I think this is the first of its kind in the UK – and this has allowed us to work with mobile companies – and I've been absolutely delighted with the response from local authorities in the Highlands and Islands about working to speed up the process of planning permission for mobile masts for example and that has been excellent joint working - and the mobile action plan has enabled that. On digital skills we've invested nearly £10m into this area over the past 4 years through the Digital skills Group. So the next phase – the second half if you like – is delivery of future proofed infrastructure - R100: the 4G infill programme and 5G – and good progress is being made here but in order to become a world leading digital nation we need future proofed infrastructure in place now. So the Programme for Government – which the First Minister announced just last month – makes a range of digital commitments to drive progress. I won't go through them all - but they're there in black and white - and each one is extremely important. The headline is that reaching R100 commitment will ensure that all premises in Scotland have superfast broadband access by 2021. Our proposals is that speeds will be at least 30 megabits per second. Many of you will be aware that the USO that has been proposed by the UK Government – whether it's on a regulated basis or a voluntary deal with BT – is based on 10 megabits per second. We don't think that that target has sufficient ambition and it may be that it has been set to minimise the cost to the UK Government of any voluntary deal which they may enter into with the UK Government. I may say that we were not aware that they were negotiating with BT in respect of this voluntary deal until the summer 2017 although negotiations have been going on for a considerable period of time before then. They were of course very well aware of our R100 plans for a very long time but we are keen to avoid any duplication of effort. We don't want to pay for infrastructure in Scotland that might otherwise be delivered commercially but our efforts to achieve that have been complicated by the lack of information emerging from the UK Government. I hope that this can be dispelled and put right when I meet with Mr Hancock in London a week today. On mobile: the 4G infill programme builds on progress made by commercial deployment but we know gaps remain and with no UK Government strategy on mobile we launched phase 1 of our own 4G infill programme in August and this will deliver mobile infrastructure and services to an initial wave of mobile not-spots – the map of these proposed pilot exercises of 39 interventions is here – and released as a public document – so I can make sure that you get a copy of it – these are proposed sites not all necessarily will go ahead – but I'm very pleased to say that that a very high number are in the Highlands and

Islands – principally actually the islands – Western Isles and the Northern Isles – they're here on the map – this is to cover non-spots in mobile telephony - and I was very keen as I say that the Highlands and Islands play a very large part in that - being a very significant problem. Looking to the future we're working to support the development of 5G in Scotland and to ensure that Scotland secures the appropriate share of UK Government funding for 5G and a Scottish 5G hub is being established with industry and academia. We want Scotland to become the testing ground where key technologies are trialled particularly in rural settings. We will also be urging Ofcom to set appropriate coverage obligations to ensure that all of our rural communities benefit from 5G. In other words the way in which these services are rolled out depends in large parts on whether or not commercial companies are under a legal obligation to do so. If they are then they have to but if they aren't then they don't have to and probably they don't. So the regulatory aspects are absolutely key. The last area I wanted to cover before seeking discussion is developing a digital workforce – plainly we need a diverse and digitally skilled workforce in Scotland to realise our vision. Every year Scotland needs an additional 12,000 skilled workers in the sector. Also women only account for 18% of workers in digital roles and this is plainly unacceptable. So addressing the skills challenge in a way that works requires a good public/private sector partnership and our Digital Skills Group is a good example of this. We're also working to interest young people in tech and in related careers as early as possible and the digital world marketing campaign is an example of this and we have a gender action plan – which is ambitious and wholly consistent with our aims to have an inclusive role. So I won't go on any longer. I have Alan Johnston here from the Scottish Government Digital team and Stuart Robertson who is the lead in HIE is also here as well with Charlotte. So together we will answer any questions that you have. Thank you. Who would like to kick things off? Margaret:

Margaret Davidson: Thank you Fergus. Thank you very much for the update and R100 and how that's going to be rolled out. I think all of us in the Highlands and Islands would like a bit more detail on how that's going to be rolled out across the Highlands and Islands but it's probably for a little while just yet. The other thing I would like to say has been a great success over the last couple of years has been the increase in mobile coverage. EE in particular deserves a lot of praise for the work they've done and again the Scottish Government and the local authorities have all got to the plate and we've been ushering planning applications through and encouraging them through to get on with it quite a lot. So we're beginning to see some real improvements in mobile coverage - way to go yet - but that's on track and is moving. The issues for many of us still – and Fergus I know you have this on a weekly basis – because you're a rural MSP. You have a large rural area with a lot of not-stops in it – but the issue for all of us is doing what we can between now and 2021 to help people get a reasonable broadband service. Interestingly since the beginning of this year there has been a huge acceleration of interest in providing wireless broadband and that's because we've got some commercial operators starting to work on quite a small scale around Highland but its making a huge difference. People are just not prepared to sit till 2021. They go online and they sign up to all sorts of odd contracts with commercial operators who cannot deliver because they've no backhaul. So what has been happening is that these wireless guys have been both on line of sight and also now with the white space technology that's out there - which is starting to be used – and I just feel that this is a great

opportunity for all of us to be encouraging this to happen so that we've got some sort of interim measure now and when broadband might arrive at our door. What they're providing is actually a very decent service. I've been a trial spot for one of them for the last 4 months and I get around 50 megabits and my life has been transformed. I can't tell you! It's now on move further around the hillside on which I live and I think that the only way we're going to do this to get the best of it Fergus is to get some sort of plan between the council and Highlands and Islands Enterprise and the Scottish Government about what can we do to support it. It's cheap. That's No 1 – the infrastructure's cheap and they're prepared to put the infrastructure up by just using the BDUK Voucher Scheme that's on the go at the moment. That stops at the end of the year. So we need to be encouraging that to go on or get replaced by something else because that's been the driver behind them erecting masts - and what they're proposing is to charge around £30 a month - which is very reasonable if you're getting a decent service - and people are queuing up to get it done – but there aren't enough of them and they're very small businesses. They're 1-3 men operations at the most - and then Fergus you're right – and it is about encouraging them to build sustainable businesses to maybe put in place some training courses so that they can skill up the workforce to help them to roll this out which will give us an interim solution until we get high speed broadband to people's doors. So I would really like to ask you to think about encouraging us to get a plan together where we can deliver that. The other issue is around backhaul because we're managing at the moment with sort of the periphery of Inverness and the cabinets that they've put around there but the other way we could get backhaul is through the Swan network which is in all of our schools and public buildings and there's been a huge increase with public money to get the – we need to open that up so that we can actually get backhaul from those buildings and that would transform some of the services for instance on the outer islands where they haven't got BT in there with a cabinet but what they do have is a school with high speed broadband because of the Swan network. So I would really like to hear an update on where we are with that because I've been asking for that for some time because if EE can upgrade the emergency service masts – which they have been doing – and still get a public service of it as well as a secure service – then it it's not beyond the wit of man that we can somehow get public backhaul from the Swan network and get this out. People are often impatient to get service improvements but I've never seen the impatience that I see now about broadband. You'll be getting the same Fergus. People are needing it now and they're absolutely desperate to get it. Their children can't do their homework. We can't modernise a lot of our services until people have decent broadband in their home and there is an interim solution which will do us for 3-4 years until fibre arrives at the door for all those places we haven't got to.

Fergus Ewing: Ok. Well rather than answering in detail every point I would just say that I'll be asking Charlotte and Stuart to reply to the detailed points which arise and we've got interim measures: take up of BDUK and backhaul/Swan and others. I would say that we want to be as flexible as possible. So we don't want to eliminate possibilities but we do have to ascertain very carefully whether they can be delivered in practice or not - but we have a desire to be as flexible as we can be - and that's the kind of approach that we're taking - but there's a lot more that could be said about each of these points – but it's more important to get as many contributions from round the table as possible. That's what COHI is for. So I've got James - and please do signify if you want to speak after James –

James Strachan: Thank you Fergus. I want to just back up what Margaret said there because we've had a roll out of a system that actually works. We went on our ferries- it was sponsored by the government - and it goes to every place that is the hardest to reach which are the small islands which are not just transport poor but they are very much digital paupers as well because they've got terrible speeds in broadband at the moment. We would love to try to do a roll out of something there as an interim measure again before anything else gets done because we find we're losing people from the islands. They don't want to be there with their young families anymore because children are getting bullied because they can't do the stuff on their systems when they come to the mainland. That's a dreadful situation to be in. We can't wait for the end of the programme. We've got to give them some solution now and if it's possible to do something sooner then we should pull out all the stops to try to do it.

Fergus Ewing: Well again that will be answered but suffice to say that the mode of tendering of R100 is designed to secure competitive bids. Evidence suggests that there is only one bid and that bid will be a lot higher than it would be if the bidder knows that they're in a competition. Competitive bids get the best value for money. So we have got to bear that in mind. We did specifically look – and I want to mention this specifically for island representatives here – it specifically looked at the possibility of arranging the islands around Scotland to one block for tendering but we concluded that that would not be likely to attract sufficient interest to have any real opportunity of gaining competitive bids and for that reason we divided Scotland into 3 segments – north, central and south – and the purpose is to get competitive bids and thereby secure the maximum possible value for money for the very substantial investments being contemplated to be made in that regard – but that doesn't mean James that we're not wanting to look at particular needs of the islands - and flexible solutions where they can be found – but I think this is the audience where I have to make clear that getting value for money is something that we all – in our various responsibilities realise is an important task. James:

James Strachan: We get poor value for money because some of the providers we have – the big issue is that BT who make a considerable amount of profit – so if we could circulate more of our money in our local economy that is something for our islands could do.

Fergus Ewing: Yes indeed. Ok. Alex:

Alex Gallagher: It's just a question of the experts - and the suggestion against the R100 and 5G – our digital experts have told us that actually that when 5G spreads your fibre will not be necessary and with a tactical strategy it may be better to roll out 5G and people can do things for their telephones rather than fibre when they do it from their Laptops.

Fergus Ewing: I think we're satisfied that fibre is the best solution in order to enable digital superfast broadband. I take the point though- and the experts will reply later – Bill:

Bill Lobban: Fergus one of the things you mention is future proofing. Is there no way for example – you've heard me speak earlier about building thousands of houses – every single new dwelling should have a fibre cable to the dwelling -

whether its connected at either end or not - it just might be at some time in the future – so is that not an idea ?

Fergus Ewing: Well that's been taken up already by the Building Regulations which were brought in I think at the beginning of this year – which require for new housing developments for that to take place. I haven't got the precise details in front of me but it's a point very well made. In other words we all need it so for new builds it should be provided. I think that point is absolutely well made and it's something that no doubt we will be considering in the Planning Bill which is shortly to come before Parliament. Steven Heddle:

Steven Heddle: Thanks for the opportunity to speak. I think it's important to recognise the Merit – the R100 Project – and indeed the very significant advances that have been made. Certainly R100 is a target that I think we all fully support but in terms of the mobile coverage this forum in particular has driven great improvements in the service provided in either area. Going further forward this paper here before the Convention has excellent targets in it. I'll highlight a few. The drive to regional coverage towards 86% within 2017; the focus on bringing superfast broadband to Harris to reach premises – those that won't benefit from the DSBB Programme and the very welcome statement - the government's claim – that no premises – residential or business – will be excluded. Looking further afield and further ahead the influence over the design of future spectrum options I think is critical in the future for 5G and beyond but outside-in is the approach that was endorsed in this forum in previous meetings and the question remains how do we genuinely outside-in? There's a concern that the allocation resourced will need to be fair to achieve this and by that I mean that there's a concern that if resources are allocated on a premises basis then rural areas with a small number of relatively expensive premises will lose out. Value for money is obviously a consideration but using a model that doesn't have a defined percentage such as 70% or more in each local authority area. Whilst it might be more expensive overall to go for area targets if we don't do that then we're going to be endorsing a programme but if its sole focus is on value for money and in each of the 3 lots – total figures for the areas – for the premises upgraded – there's going to be no significant difference to the previous commercial rollouts for the other interventions and as ever the hardest reach areas won't be addressed and that was the whole idea of approach identified. Related to that is the idea of a voucher scheme and a voucher scheme will only be useful if businesses are available to provide the services that can be bought with a voucher and I would suggest that is another argument for having a pervasive fibre network to at least every area that wireless services can be funded on the back of.

Fergus Ewing: Ok thanks Steven. The initial R100 procurement will of course exclude urban premises so in that sense it is in a general sense outside-in. Secondly you mentioned voucher schemes and we anticipate that voucher schemes will be required because to extend R100 through broadband by fibre would cost an enormous amount of money which we simply do not have however we don't envisage that a voucher scheme would be the sole scheme that may be possible. There may be other schemes that could be possible in addition and I'm acutely conscious that local communities have - in many cases - ideas in that regard about what may be appropriate and Margaret has already covered this. So its other solutions such as fixed wireless, 4G – possibly the newest generation of high speed satellites – are schemes which could be considered in that regard. Regulation about

telecoms is a reserved matter so we cannot go further in an outside-in approach than we are doing at the moment. Are there any other contributions before I bring in colleagues from HIE or Grant from Cairngorm National Park:

Grant Moir: Just really round the role of Community Broadband Scotland where that goes now with the R100 coming out and how those 2 things fit together because a number of communities have got to the top of the hill a number of times in pilots in Community Broadband Scotland and now have sort of gone back down again waiting for the R100 to come forward and I suppose it does lead to certain cynicism in some of the communities about when they will be getting broadband which is repeating some of what Margaret was saying. So I think it's about certainty and how quick that certainty comes but also about what role Community Broadband Scotland might play in that going forward as well in trying to plug the gaps that won't be plugged by R100 as well.

Fergus Ewing: Community Broadband Scotland have delivered schemes in some communities in which they have a responsibility. I think they've got 1400 premises. There have been other instances which as you know have had considerable difficulties including Fort Garry, the CNPA or the Argyll Islands and I am aware that have Ekosgen have carried out a report into these matters and we are taking talk about the future of CBS at the current time. I think it's worth repeating in this audience because we're amongst leaders of elected authorities here and others with executive functions that in order to provide fibre broadband we're talking about an infrastructure project which has 5 phases to it like a rail or road construction really rather than simple process of pressing a button and those starts are: firstly to survey the project then to design it then to build it then to connect it and then to activate it. That is the reality of delivery of fibre broadband. It is an infrastructure project and much as everybody here – myself probably most of all – would wish that it could be carried out more swiftly. It is difficult – and I think that's understood around this table and its useful just to restate it briefly in order to bring ourselves back to the scale of the challenges that we face but our determination to tackle them in the timescale which in itself is quite ambitious. Are there any other comments because I appreciate we've got experts here who could probably add quite a lot of value which is beyond my range of technical expertise. So Aileen and then if there's nobody else I'll pass to Charlotte and Stuart.

Aileen Morton: It's really picking up on the outside-in discussion and particularly in terms of the new definition of superfast – the R100 – compared to the current programme – and I suppose a concern - and I'm sure most areas are like us – where I think we've got about a 10% gap. So 4% have superfast while 84% have fibre - and to what extent within the new procurement – the companies – whoever ends up with the contract – will be encouraged to go and start with the folk who have nothing because there have been massive improvements over the last few years but that's not all that it does. One of the things that it does is ramp up the frustration for the people who don't have it. So I suppose it's how do we drive the people who have nothing or virtually nothing rather than the folk who are currently sitting at 10-20 and pushing up their rates to meet the superfast?

Fergus Ewing: Ok. Well the first answer is that the BDUK Programme exists in order to help finance the provision of reasonable speeds to those who have paltry speeds and it's available - as Margaret has said - to the end of this year. So we

have sought to highlight the availability of this funding - which is a UK scheme – precisely because it may not be available beyond the end of this year - and it exists for that. Secondly the rise from 24 to 30 megabits per second is – as I understand it – as a result of the reclassification of what superfast is – by I think Ofcom – but if I've got that wrong then Stuart will keep me right – but it is at any event 3 times higher than the proposed USO for the UK which is 10 megabits per second which we feel is inadequate really looking forward to what Scotland needs. So could I perhaps invite Charlotte and/or Stuart to respond further particularly to some of the technical questions that have been raised. Stuart:

Stuart Green: If I could just go in order. Margaret Davidson's question about the wireless providers – it's a very welcome sign that private companies are setting up to fulfil the void of people who can't get broadband. The very reason that they can do this quickly and effectively is that they are not seeking directly public money because if we try and give them public money to help them go further they then get enmeshed in the state aid and public procurement regulations that we have to adhere to when we actually do something like R100 but the Better Broadband Scheme – the £350 is a very good way where they can get public money indirectly and although the UK Government has not confirmed it the signs are that that scheme will continue after the end of the year. So that will be very welcome and a very good way of stimulating these private sector businesses. We're also considering some of them as account managed businesses. We will do everything we can to help them following short of having to enmesh them in state aid issues. It's the very reason that it's private money that they can ask quickly. On the active coalition with Swan I'm pleased to say that there have been signs where Swan - as an exercise – has helped Altnaharra for example – the local school was provided with fibre which then enabled Open Reach to actually go and do their own project bringing fibre to the homes. So we have seen the improved backhaul - both through our own TSSB Project and Swan getting better broadband out further. The backhaul issue is not complete. We need to get fibre even further and that will come in R100. It's also – I'm sure in the more island communities with Swan provision – I think the challenge is that often these connections have been actually enabled by microwave wireless as opposed to fibre. So I'm not aware of any large number of opportunities that are being missed where Swan could do more but I will certainly have a look at that again. On the issue of 5G – is that the future then why do we need this fibre stuff? The 5G is really an extension of the 4G. It's even faster than wireless based or mobile based delivery but you don't get something out of nothing and so 5G networks will have to have an extensive fibre platform very close to where the masts will be sited and there will need to be many more masts and things like street lamps and street lights. It is a much more extensive wireless delivery and mobile delivery. So I see 5G as definitely part of the future and I think it's complementary to fibre based fixed broadband and you can't do 5G without fibre. On the R100 I think I'll have to pass that over to the Scottish Government people because the Scottish Government is leading on R100 so I can't really say too much about that.

Fergus Ewing: Well that's been extremely helpful Stuart and very informative. Could I bring in Alan Johnston from the Scottish Government Digital team firstly to reply to the comments and also perhaps to add a bit more about R100. Alan:

Alan Johnston: Thank you Minister. To pick up on the points about the R100 process and where we're on that. I have been saying for a little while now that we

are aiming to launch the initial procurement of R100 by the end of this year. The purpose of that is two-fold really: one is to push superfast fibre coverage further in a similar way as to how DSBBs are up to now but crucially also to provide the platform for further interventions thereafter. All of that is subject to the competitive process of procurement. As the Minister says the more competitive it is the better result we expect to get. It might be that it manages to push fibre very, very far but however far it does what's really critical is that it can then provide accessible fibre for anything else that's built on top of that. I did like Steven Heddle's phrase about the pervasive fibre network and that's really what the initial R100 procurement is seeking to provide as well as coverage it's also seeking to ensure accessible fibre is there for all parts of the country - truly a kind of national fibre network if you like so that we will be able to have a series of associated interventions on top of that which will then be able - whether its wireless or other interventions - to provide superfast access for 100% of premises - which is the commitment by 2021. So we expect that that will be launched soon shortly and the procurement process would run for the best part of next year. We expect to know in the course of next year about the coverage and the extent of that fibre network through that initial contract would be. At the same time we are developing - the focus up till now has very much been on that initial procurement - through that time though we're developing the series of associated interventions that will take us ultimately to 100%. Two further points I want to make on that: one is a lot of that will be delivered before 2021. We expect delivery of the R100 additional fibre to be taking place from 2019 onwards so there will be progress throughout that period. It won't simply be a case of flicking a switch at the end of 2021 and these additional premises will be brought on. It will be a process through that time and I think once we see the deployment plans of that contract we can be building the additional associated interventions through that time too and the final point is that it is certainly possible to be looking at options to bring other shorter term interim interventions into play during that time. We have always said there will be a range of different interventions will be required either to deliver the contract to deliver the commitment or to take things forward in the interim. There will be quite a lot of complexity to that between the different solutions and the technology, the contractual arrangements- will people be interested in delivering an interim arrangement if they know that R100 is specifically coming to that area at a given time - but these are all the things that we can discuss. These are all the things that we're happy to explore further.

Fergus Ewing: Many thanks to both Stuart and Alan and I'm very grateful for all the contributions today. I'll just conclude by saying that you're acutely aware that this is right at the top of the agenda. Its acutely important to everybody around the table and to your electorate, to the people of the Highlands and Islands and the businesses in the Highlands and Islands and we're taking it as a top priority in the Scottish Government and equally we are determined to work with all of you round the table to make sure that we do all that is practically possible as soon as possible. As Margaret says everybody wants quicker solutions to these matters. We're actually aware of that but we're in the land of the practical and the achievable but as you've heard from both Alan and Stuart we are looking at all possible practical suggestions to take things forward so that people have good connectivity for both mobile and broadband. So just in conclusion what I would say is that I sense that this is something that should appear on the next COHI meeting for an update at least but that won't be for some time and therefore what I propose is that Alan from the

Scottish Government and Stuart from HIE should before the end of the year will provide a detailed update to all members of COHI on the matters that have been raised today and the proposed solutions that have been said. So that update will be provided in writing by the Scottish Government and HIE jointly should be provided before the end of the year and I would expect at that time we would have made considerable progress with R100. Ok I've got Margaret. If anyone else wants to comment – Margaret:

Margaret: To take it a step further please Fergus between now and the end of the year could we commit to the Scottish Government and HIE meeting with local authorities to plan any interim interventions that we can do? I believe they're quick and they're cheap. We've got some money in our city region deal that we can use to back up some of it but by and large these guys are not wanting public money - but I think we've got an opportunity of building some sustainable business and putting in training which would help them ramp up and get out across the Highlands. So it would be really useful if there was a commitment from the Scottish Government and HIE to actually meet with the local authorities between now and the end of the year.

Fergus Ewing: Well we're very happy to continue to engage with the local authorities. I believe that is happening more or less continuously but I give that commitment and really if that commitment is for a specific meeting for all local authorities here then we could consider that. Of course we are willing to do that if that is sought because we want to make sure that we're working with you. I have to say I'm not sure about the bit that we don't want more public money. If any local authority wants to sign a substantial cheque – preferably with 7 figures next in it – that would be very welcome - but there we are. We're determined to continue to work very closely with you so we'll be in touch with your chief executive Margaret about that to see what can be arranged. Ok. Thank you very much indeed to everybody. Now can I pass over to Aileen Campbell who will lead on the next session on health and social care integration and excuse me I have to go to other things. Aileen:

Aileen Campbell: Thank you very much Fergus. I'm not sure whether this note has been issued or said by other previous chairs but there is an additional members' paper - just to make sure that you've got a hold of that – so thank you and good afternoon everybody. This is my first COHI meeting so I'm pleased to be here with you all and to have such a warm welcome from Argyll & Bute Council. I'm really pleased also to have this opportunity to discuss health and social care integration and I look forward to the discussion that we'll no doubt have and around the further opportunities that we'll have through integration and what that means for our parts of the country that we're representing. So I think much has happened it's fair to say since integration was last on the COHI agenda – the Public Bodies Joint Working (Scotland) Act 2014 has been passed. That came into force on 1 April 2016. There are now 31 health and social care partnerships up and running – all of which have worked hard to put in place governance, budget and strategic plans and across Scotland health and social care partnerships are now responsible for over £8bn that used to be separately managed by the NHS boards and local authorities – and partnerships in the COHI region are collectively responsible for nearly £1.4bn of that £8bn total. Of course health and social care integration is deeply important. It's about doing things differently to address the challenges of improving the quality and sustainability of health and social care. Integration offers a collaborative approach to

getting people to do things differently. It's about working together to address these challenges and that's not always going to be easy but we need to do things differently. We're a county of just 5m people. We need to work together and when faced with fiscal challenges and with an ageing population I don't think there are any other options – but what we all must also remember is that at the heart of integration are people. It's about improving outcomes for people and delivering good services and realising also though that assets and the capacity of our communities themselves are often at times able to come up with even to come up with their own solutions to their own particular challenges. Whilst integration under the legislation is still relatively young I think it is important not to lose sight of the progress that has been made right across the country. Integration authorities have been taking action to reduce delayed discharge and avoidable admissions as well as reducing long stays in hospitals. So I would be really interested to hear about the progress that has been made happening locally from it health and social partnerships during the presentation. Close partnership working is crucial to public sector reform. A focus on local planning and decision-making is at the heart of health and social care integration principles and as such health and social care partnerships have a valuable role to play in public sector reform. All COHI members have a collaborative leadership role in supporting health and social care partnerships and I look forward to a discussion about how members can support the delivery of the principles of health and social care integration; support public sector reform and also ensure that this reform is done collaboratively with our communities and with our people so that they are brought on this integration journey as well. I think if we get that right sometimes then some of the difficult decisions that we all have to face and make may be easier if we're actively engaging. So again I would be interested to hear your thoughts and your views and your suggestions on all those things but before we open up to this wider discussion of what is incredibly important and very timely discussion that we're about to have I want to pass over to Ron Cully who is the Chief Officer of the Western Isles who has a presentation. Thank you Ron.

Ron Cully: Thank you Minister and it's great to be here to talk to you about the work that we're doing on integration. I moved up to the Western Isles a couple of years ago to take this work forward and as you can see from the slide the first thing they did was change my name – which I didn't even know was lawful – but in any event the Convener who's here today has been trying to teach me Gaelic – but not with any degree of success because I still can't say it. So in terms of the work that was taken forward as a joint board I actually wanted to say just a few words before we get into the conversation about integration about the region as a whole and what it offers because this is actually a picture of my daughter down in the south of Harris – a lovely part of the world - and I was taken by something that Margaret said earlier on about how we project ourselves as a region to the external world and I agree with the sentiment that she expressed this morning which is that we can do more to convey the sorts of opportunities that we can offer as a region and to give expression to the quality of life that we can offer here in the Highlands and Islands and that plays into a significant degree into that wider conversation that we were having about the challenges around about workforce but also the opportunities in terms of how to promote that agenda and increasingly I think that what we're seeing through community planning and other mechanisms is an attempt to take that agenda forward. So in terms of the background to integration what we're seeing is an emerging evidence base from a range of academic institutions and think tanks

around the world - a profile here - some of the work of the King's Fund - but I could equally quote you the Nottingham Trust – or other institutions – around about the evidence for integration and the value that it brings- and we've highlighted a couple of examples here from Torbay in New Zealand and Alaska - and all of these are interesting in their own right but there are a number of common themes that are embedded within the learning that I think it's important to begin to draw out that speaks to the central experience that we have here in Scotland as well. So the idea of a single system and one budget is clearly something which is one of the animating ideas behind integration and it's been an important learning point from these other regions across the globe as has been the way in which organisations have been able to work with communities and look specifically at cultural issues. A thought here about the example from Alaska. What we saw there with the Nuka Foundation was that over a period of perhaps 15-20 years they transformed health outcomes for their local community by thinking differently about how they engage with those individuals. So rather than simply offering people a menu from which they could select whatever health intervention was necessary they first of all engaged with communities quite openly by asking what was important to them and I think that is something that would be useful to get into today in terms of that reflection - and of course that focus and prevention and demand avoidance is also something which has been at the heart of this project in Scotland. In terms of the work that we've been doing in Scotland over the last couple of years I wanted to be able to provide an update since you last heard at the Convention on this particular topic. The last time that this was discussed we were just on the cusp of implementing that legislation and for me there are these 3 broad principles which I think are given expression within that legislation. The joint budget is the area which has attracted the greatest level of conversation and bringing that together so that there can be a single commissioning approach across health and social care and that was an important part of the reform. So too was this idea of a single point of accountability both in terms of the board and indeed the role of the chief officer and the work that the chief officer does with the chief executives of the local authority and the health board in the case of IJBs are and other arrangements in respect of lead agencies - which we will come back to- and then finally in respect of locality planning - this is probably the area that we talk about least in the area of integration and it probably needs a wee bit more attention if the truth be told because this is the agenda that tries to capture the post-Christie agenda around about building services with communities from the bottom up and I think there's clearly more work to do there. In terms of the 2 models that were enshrined in the legislation. I know that a number of you will be familiar with these models but those that perhaps are more distant from the integration agenda what you've here on the slides behind me is the integration joint boards approach – a model by which 2 statutory bodies – the health board and the council – delegate functions to his new public body – and this has been the model that has been the most commonly adopted across Scotland. Thirty of the 31 partnerships in the end have used this approach and it's fair to say that although we're now 2 years in it's still early days in terms of how that is growing and developing. The other approach which the legislation defined is the lead agency approach and this is something that has been adopted in Highland and many around the table will be familiar with this and so rather than the 2 public bodies delegating to a third party so what happens in this model is that they delegate to each other. So in the Highland for adult social care services the council had delegated those functions to the health board and there has been a corresponding delegation of children's services to the council. So that was

just 2 years ago that that legislation was laid. So what have we done since? Well what I described in the slide here is really the minimum that you would expect of us as integration joint boards and lead agencies. These are the minimum features that you would have wanted us to take forward. The Minister mentioned the combined budgets. There is a significant part of the public purse – not just actually in the Highlands and Islands - but across Scotland as a whole – and you can see across all of the 7 partnerships that are represented here today – they have delivered against those core statutory requirements: the strategic plans are in place; workforce strategies; budget controls – and the sort of intervention that you would expect us to take forward. The focus on delivering change of course has been the reason that joint boards and lead agencies were created in the first instance and I think that's a longer term agenda and one which is equally important to begin to put forward over the next months and years and I'll come back to that as we move forward. In terms of the work that integration authorities have done in this area in terms of changing the system there is a whole host of work which has been rolled across the 7 partnerships - and I was trying how best to convey that - and it really is impossible in the context of these slides today to describe that – what I've given you here is just a flavour of the sorts of reforms that we begin to see – and these are the sorts of reforms that are best done from the perspective of adding value. So health and social care coming together to deliver change within our system. Some of these interventions have been more successful than others but we're all very clear across all of the partnerships that that change agenda is what we have been asked to deliver and I wanted to just say a few words about an example that I'm familiar with in the Western Isles - and this is the work that we've done locally around the late discharge. Now the Minister commented in remarks that we have made progress in this area across Scotland - and I think that's to be commended - and I think that's in no small part to the work of the integration authorities - and what we found in the Western Isles was really interesting because I think we were able to demonstrate some added value because when we started to have these conversations not only were we one of the national outliers in terms of our performance in delayed discharge but the conversation that we got into in terms of this particular issue was in itself quite revealing because when I was discussing the matter with colleagues on the health board side - often times the comments were round about the insufficiency of homecare; more homecare; greater capacity required in the community and likewise on the council side the commentary was perhaps round about demography. We have the highest proportion of citizens aged 65 plus; the highest number of single pension householders etc. When we started to look at the data around about this actually that told a very different story. On the homecare side actually we provide on average about the same as anybody else in Scotland. So whatever else the problem with late discharge it wasn't that. It wasn't homecare - and equally when we started to look at demography – yes we have got a challenging demography in the Western Isles but then so too do a number of rural partnerships so that didn't explain it either and actually the more that we get into this the more that we figured out that at the heart of this challenge was communication - on the ground, between teams, between professionals – and it was amazing when we started to bring the force of integration behind this; how we started to unpick some of these issues and the progress that we started to make. That graph that I profiled here finishes in April. If I was to run it forward you would see further improvement and we're cautious that this continues and we want to make sure that this is sustained over a period of time but I think through examples like this – and chief officers from all 7 partnerships

could tell a similar story – I think we’re beginning to see some of the value that the integration authorities have taken forward – but that’s not to say that in this context we don’t face challenges. We do. Of course we do - and the reality is that where the parent bodies face challenges - as both the councils and the NHS boards face – the reality is that the integration authorities will face challenges too. What I’ve highlighted here is workforce – and we’ve talked about that already in terms of the challenges that we have around about workforce – the graph here focuses on depopulation within the region - and clearly we’ve had a conversation already around about some of the strategies that will be deployed here – not least of which – the conversation at the beginning of the session this morning on Brexit I think was particularly illuminated here. A case in point - the Western Isles Hospital has 15 consultant posts and of the post-holders we have one UK citizen. So I think the challenges are clear but I also agree with Ray’s point earlier on when he said that we have to begin to think afresh of what we can do about this and how we can take these issues forward. One of the areas he picked up on - and I’m particularly enthusiastic about - so over the last couple of years the Western Isles has been working with Glasgow University trying to encourage their school-leavers into a career in medicine. The idea being that we will be able to bear the fruits of that in years to come as they return to the communities in which they were raised and we’ve had a number of successful examples of pupils who have gone through that programme who are now in medical school in Glasgow. So that’s the sort of innovation that we must take forward over the next period. In terms of finance – just again to reiterate that insofar as both councils and boards have got a really challenging financial environment – when you put that together in the context of integration authorities then clearly that doesn’t change matters and although we have already a very good track record in terms of our management of budgetary challenges across the region – and you can see here that of the £1.4bn committed to the partnership there has been a very minimal overspend – and for a demand led service I think that’s quite impressive - but nonetheless the level of challenge that lies ahead of us in the next few years is really quite substantial and particularly at a time where we are trying to change the system that we oversee. I ask that question at the bottom: can we shift resources from secondary care? That is of course the big challenge and something which is enshrined in national policy. It’s something which Audit Scotland commented on over the last couple of days and I know that councils and health boards and integration authorities are all committed to this. The challenge of course is making it happen in a way which continues to deliver safe and effective care. That’s not to say that we haven’t taken steps in that direction. When I think of the work we’re doing in the Western Isles – we are seeking to move for example to a new model of mental health provision closing 2 wards and investing that money into community support mechanisms which I’m absolutely convinced is the right way forward – but it’s still challenging to do it. In terms of that process then of managing change I think this has been among the most difficult of the areas that integration authorities have been exposed to. The reality is that every single partnership across the Highlands and Islands are really facing challenges around about engaging with the public and explaining the rationale for change and I think it would be good as a Convention if we had some discussion about that and partly this is about that Christie agenda about how we work with communities from the bottom up but partly as well it’s about being able to take communities with us. There is no longer an argument in favour of the status quo. The status quo will very quickly lead us into significant difficulty and I’ve said at the bottom there: Aristotle’s famous

concepts about rhetoric - and we've been ok at describing the sort of logic of the position in terms of the demographics that we face - the increase in comorbidities within the population - but I don't think that we've been quite as good at explaining either the ethics or the pathos - the emotion that we need to draw on in order to bring the public with us - and again I think that's something that would be useful to hear the Convention's view on. In terms of where we go from here – we're a couple of years into this work on integration – that was brought into being by legislation and I thought that legislation was bold, innovative and indeed to some degree liberating - which is unusual - because of course the law usually binds in one way or another - and it was therefore important that we crafted a piece of legislation that provided opportunities at different levels - but the question I think now is how we build on that and how we move forward? I think it would be unrealistic of me to come today and say that the last couple of years haven't been without challenge at all in terms of those organisational tensions but the thing is we're working through those issues and whether that's the fact that capital is reserved to the parent body – issues around – and equally on care governance – but we're working through those and I'm confident that in time we'll see those resolved. We need to continue to think about organisational cultures - and I say that thinking not just about this at a senior level but actually when you get into the cultures and ethos of the 2 organisations within which integration authorities work - I think there's lots more that we can do in terms of breaking down those silos and thinking about how the professions relate to each other. There is of course new ideas afoot in terms of how this grows and develops. I've mentioned here a single public authority for the islands. This was something that was profiled in the Programme for Government and I think it's fair to say that we have had embryonic conversations happening now in the island authorities about how this might be articulated. One of the observations which I'm sure colleagues from the islands would share is that sometimes it feels quite busy; sometimes it feels as though there's a lot of players on the pitch - and so maybe there are opportunities that we can get into around about a single public authority - and those conversations I'm sure will happen over the next period - and likewise colleagues may be familiar with the on-going work around about the development of regional structures within NHS Scotland which is another important development and one which promises I think to deliver appropriate dividends – both in terms of clinical outcomes and in terms of the aggregation of services – where that can demonstrate a financial efficiency. So there's lots happening and I think that's the thing that makes it all the more challenging is that we're trying to take this work forward in an environment which is continually changing. I wanted to finish up by a quote from a guy called Atul Gawande – and this is a book which if any of you are interested in this area then I would commend it to you – this I think helps us to find the bottom line. I don't mean that in financial terms. I mean it in ethical terms which is whatever combines or connects our health and social care system and the professionals that work within it – it's the idea that we're here to support the population to make choices which are good for them and which enhances their wellbeing and I say that whatever other differences we may have within health and social care that certainly is something that we can all agree on. I'm happy to get into questions. I should say that my colleague Christina West from Argyll & Bute is also here today and will be able to offer a commentary and indeed we have quite a number of chief executives from councils and health boards.

Aileen Campbell: Thank you very much Ron. That's really useful overview and I think a really good place to finish on just outlining that our NHS shouldn't just all be about treating bad health but actually how we can work out how we prevent poor health happening in the first place and also ensure a greater sense of wellbeing for our communities. So lots in that there and lots for us to focus on. I'm really interested though to hear your thoughts around the progress that innovation has brought; the opportunities that are presenting themselves through the integration process; a lone opportunity for us to discuss innovation and good practice that's happening in your areas; and also I think importantly as Ron articulated working out how we engage with our communities much more effectively and bring them on this journey as well about why there's such a lot of change happening in their communities around how services are being delivered and what we can do to ease that path but also recognising that we ourselves don't have all the answers and that some of those answers might actually be within the communities we serve. So I'm really looking forward to this discussion. I would just say though that the list of people that I've got round this table doesn't quite tally up so I would be really grateful – given that this is my first COHI – that you would just let me know who you are and where you're from and then we can start the discussion. So the floor's open to you guys. Who would like to kick off?

Margaret: Thank you Minister and thank you Ron. I didn't know you were so cultured! I agree with you Minister this is a really good piece of work. These slides were really useful but I would be entirely wrong not to focus on: ok so what do we do next? Where do we need to concentrate on our efforts next – and there's a whole range of things but to me the big piece that's missing is the one that Ron's drawn our attention to – which is the one on the second slide which was about the 3 principles of reform around locality planning, binding together professionals and communities and developing services from the bottom up – and I believe that's where we need to put most of our energy. King's Fund – again the first phrase here: emerging evidence that place based systems of care improve outcomes – well I know they do – I see it in my own communities and I'm more than convinced of it – but we've got to do it everywhere and therefore we've got to plan together to deliver these locality based together. If we just leave it to the locality planning guys we'll get a mixture of what's needed and I think we need a firm focus on building services from the bottom up and it's going to take a bit of time but I actually really truly believe that that is the only way we're going to get out of the bit. I know we think we've been doing that. Certainly in Highland we've been 5 years integrated and we've done some of that but nowhere near enough which is why we're still not out of the bit and we've got too many people going into hospital and too much delayed discharge frankly and there have been improvements but we need a step change in what we do and that comes around the engagement of our communities because you can't force things until communities are onside with you. I actually think a lot of the discussion when we go out there has got to be more than about providing homecare. It has to be about palliative care. It has to be about end of life care. It has to be about the things which are the reality of living and dying in the communities.

Aileen Campbell: Thank you Margaret. Again lots there I think. I think the benefit in bringing together those round this table that have an executive function and also the elected representatives is that elected representatives do have a knowledge and understanding of their communities as well and so there should be an opportunity for us to pull that collective resource together to ensure that we do engage actively but

sometimes I know that I feel sometimes that happens maybe a bit too late in the journey of something's going to change within a community in which case you are kind of on the back foot often times with a community that thinks it's a fait accompli – that things are going to change regardless of how they engage and so I guess it's about making sure that when we do engage that's authentic and trusted and that we have the confidence of the people and maybe that's around about winning those hearts and minds that Ron spoke about in his slides.

James Strachan: Just to say we started this process of joining this together a long time before the integration boards came and we had Orkney Health and Care. We took a lot of the savings out before this started and then we ended up in a position where the nature of it in some respects changes. So it's commissioning not really just changing services like we're doing before. I'm really interested to know how we go forward now with a single purpose authority because we would like to introduce the outside-in to that that too because if we're going to localities to do this stuff we've got to use every person to make sure that the change is proper and it sticks and I'm very interested to hear you asking how do we make sure that the communities react. They're more liable to react if it's pioneering to new things. So we just need that support from the government to help us to get to that stage to make sure that if we're going to the community we're going at the right time with the right message so that there's confidence because if we really believe that there are better ways of delivering then we've got to be able to stand back and we've also got to be able to make sure that everybody understands that there's a risk factor but also there's a great reward. So I'm interested in how the government's going to take us to the next stage for a single purpose authority and we would like as much traction to make sure this can be solely delivered not as a fait accompli and that the outside-in process gets us the best results.

Aileen Campbell: Thank you and I know that there's a lot of interest. A lot of differing thoughts about single purpose around that but I do understand the point you're making around how the government's role can help ease some of those conversations if that's appropriate for that locality and we're happy again to continue to engage on those things and also really pleased to hear about the third sector involvement as well and that would be an appropriate level of involvement as well as opposed to what I think we would say is that they're getting involved far too way down the line of decision-making as well. So I think that's something that we have to reflect on. So that's a positive. Thank you from Orkney. Malcolm:

Malcolm: Thank you Minister. It was really just to pick up some of these points. I think we shouldn't be at all surprised that the debate has moved on from what is really a joint committee or joint board into discussion of options of a single island authorities and single public authorities. It was a brave step that was taken to combine responsibility across organisations and indeed to primary care really subject to democratic scrutiny for the first time at a local level. That's the model throughout Europe but I don't think we should be surprised and I think we should welcome the opportunity to look at other reforms. There's a model there for a significant public service being governed in a particular way with the expertise round the table with the democratic input and within an institutional structure. That's quite boring when I put it that way but it was a significant change at the time and I think there's a model there for consideration because among other things it allows us to align resources at a time when there's never been a greater necessity for all the democratic and

workforce reasons that we've outlined but also just plainly because of reduce public sector resources. So I think that in this forum particularly because of the various sizes of authorities, different communities – I think is a very good one to experiment with these models. So I welcome the report obviously but I would be surprised if this wasn't back on the agenda at the next meeting.

Aileen Campbell: I would agree and that's why it's important. I think we can take as much from this discussions and outcomes and actions as we can. Elaine and then –

Elaine Mead: Thanks very much Ron for that opening presentation. Ron alluded to what I think was one of the biggest issues that we've got and that's the current models which are sustainable because some of the reasons we've already discussed today – both the demographics – and we should of course be celebrating of course that ageing of people – but unfortunately we're not going to have enough young people to manage the services of the future. So it's really that sustainability is more of an issue for us. It's not just financial constraints its sustainability here and there's obviously and understandably an emotional attachment to the status quo which is really difficult to overcome. I think we're interested in health and care with people's most precious assets of course their families. So they will want to hold on to what they know and I think that's one of the challenges that we face. Our role though really is to maintain independence and try and develop these new model of care. We want fewer people remaining in hospital. As you know we want more people dying with dignity without pain in a place that they choose. So I think it is up to us to try and engage in a different way and engage with communities along with community leaders to try and help people understand particularly the need for change in the first instance so that we can move on to developing the model and I think that will take us a long way.

Aileen Campbell: Absolutely I think yes people do quite like what they know and if there's a kind of threat to that then that makes people feel uncomfortable so I guess if we all committed to this agenda then we need to work out how we tell that story effectively. So I think that's the bit of the jigsaw that I think is kind of missing. I think you have all worked very hard in making integration in the 2 years that you've had a success with delayed discharge and other things but now we need to make sure that that's articulated as clearly and as excitingly as we can so that we bring people with us.

Cecil Smith: I apologise for boring you with this but when this legislation first came out I as chair of social services at Shetland Islands Council and I was really excited. I thought this was going to be a way forward for both organisations to come together. It took longer than I expected and some of that was down to my colleagues who felt they didn't want to join up with the NHS. We had several meetings as the chief executive of NHS Shetland will know before we actually became to a decision that we would go down the route that we did. Unsurprisingly I was appointed the first chair of Shetland IJB. I want to note here about the localities. What we did – we had 7 localities – and we visited all 7 localities. We had our meetings in the care homes where we got information and feedback from the staff there telling us where they could see duplication; where they could see changes that would benefit the community and the people in the community. So we did that and that was a huge step forward for us. I think that the main thing for me is that we have to remember that we're dealing with people's health here and it's not all about money and what

have you got. It's all about looking after people and making sure that they're kept as well as they can in their own homes. By doing that – that comes with the cost – and we have a huge problem for us in Shetland with recruiting staff and not only recruiting staff but also retaining staff in this profession. So I have no issue with integration at all but with ever increasing numbers of elderly we need resources. Delayed discharges - I think at one time Shetland had the lowest discharge rate at that particular time – but obviously now I'm not involved so much with the IJB but nevertheless I see that we have done extremely good work in Shetland since this and I would certainly think we need to work in partnership with NHS Shetland and more importantly with the Scottish Government.

Aileen Campbell: Absolutely and I was pleased to do the review of NHS Shetland earlier on this year as well and heard some at first-hand of the innovative work that's happening there around delayed discharge and working in those more remote parts of Shetland as well. So there is good work happening but you're right there has to be a way for us to make sure that that's happening not just in bits and bobs but actually consistently across the piece as well and of course there is that issue around workforce which I think we've not really touched upon in this discussion but I don't think anyone wants to talk around that – around recruitment and retention – maybe that's part and part of how we project the image of the Highlands and Islands and about the add-on benefits that you can get if you recruit here as well. Ron:

Ron Cully: Just to pick up on that. Minister I think – and it's one thing I think I should perhaps have said in my own presentation – I just wonder – given that we're at the stage of formulating national policy documents on workforce whether we should be looking to do more on the remote and rural agenda and I think that in the context of those national workforce strategies is if there is some specific pieces of work that we can take forward to address the workforce challenges that we have in this region then I think that would be quite good.

Aileen Campbell: On that – a number of hands have gone up. So I'll go to Gary and then Ray.

Gary: Just very briefly I think we've got to focus also on the amount of change that we've actually seen within the services. There has been a huge amount of success in relation to lengths of stay in hospital; around the complexity of care that people get in their own homes; about the way that people who used to be managed in institutional settings are now having their care in the community still playing a part in the community whether that's learning disability or mental health or that's people who are having chronic diseases managed very effectively in the community - and these are changes which if we had actually said to people in advance that we're going to not be hospitalising people for these conditions then we would probably have had a lot of concerns about them. People saw a safe service ie people with mental health issues go into a mental health hospital and they stay there for a long period of time. That's safe. We know and we understand it but we've actually achieved a radical revolutionary difference in people's lives and the changes are now – if we wanted to go backwards – people would say no you can't do that. We would be wrong. So maybe we've got to just actually research more about the changes that we have made and be positive about those changes and be able to give people some reassurance that the clinical advice and the professional advice that things which used to require bricks and mortar to be able to provide care we

now don't require it and that people should have some more confidence in that. So maybe we need to look at what's best in Scotland and promote that rather than always focusing on where they will perceive the problems are.

Aileen Campbell: Yes I would concur with that. I think that's a good point to make. Ray and then Christina.

Ray: Thank you Minister. I would certainly very much welcome Ron's presentation and there's an awful lot in there that I would agree with. I think for me the important bit to understand around this is that this is a journey that we've been doing not just before the legislation came in. This has been a longstanding journey. As James mentioned in many places integration has been there before that and it is about building on that good evidence we know around places and building care around communities. I think for me the most important bit that underpins that are relationships and also the recognition that this takes time. Ron highlights the number of areas where integration has been identified as good examples and I've had the good fortune recently to hear some of the leaders in the Canterbury system in New Zealand - who were over in Scotland recently - presenting on the work that they've done - and the really interesting thing for me out of that is that they have shown some really, really good evidence on the impact that they've had - but they've got a much more complicated system than we have. They talk about an integrated system but that is an integrated system of many more bodies than we've got with a mixture of private and public and councils and health service and commissioners etc. working together - but it was the way they focused on relationships and the way they do change were the most powerful things for me. So I think we need to keep working at this and if we look at well what does this mean next then I think we really have to be very careful about focusing on understanding how any future changes are linked to what the outcomes are trying to achieve and why would any change actually improve the outcome because I think we can too easily get focused on structural change when actually it's the underlying relationships and building that trust and focusing on the outcomes for our population either at a very local level within our locality or on a bigger level across our community planning partnership that are actually important at the end of the day.

Aileen Campbell: Thank you Ray and Christina:

Christina West: I'm going to pick up on a few comments that people have made and the first one is the one that Gary made. One of my service users for mental health users in Argyll & Bute told me that when we were redesigning mental health services we needed to build confidence so that actually service users had as much confidence in the service and the community basis as they did in the building and that was specifically about actually closing acute mental health beds and investing in that community infrastructure and he said that that was a journey in progress. I think we've heard much of that round the table today but also what I've heard today is a little bit of a contradiction. We've heard that integration takes time; its built on relationships and actually we need to invest and take the time to actually develop those relationships and work with our communities to see that change happen but there's also a requirement for pace and scale of change and that is something that IJBs have specifically been charged with and that picks up the point Elaine made about the sustainability of models. When I speak to community members they don't believe there's a need for change because their personal experience is a good one

and they tell me about the fantastic service they've had from all the members of the health and social care team and how they have made an emotional and a personal connection with those people and they've had good outcomes. So why do the services need to change? So for me there's something of a shared narrative round this table from all members about actually what is it we're looking to achieve? What does success look like for people round this table and what scale and pace of change do we actually require in health and social care because potentially what communities are actually getting is a very mixed message. So I go out and we have 8 locality planning groups in Argyll & Bute and we talk to them about our strategic intent; our priorities; we give them information about health and social care information in their locality and they get to prioritise services - but the reality is I also have to come in and say I have a budget deficit that we also have to address. So balancing priorities with the budget deficit is very, very difficult conversation to have with communities when their experience in this moment in time is a good one.

Aileen Campbell: I think you're right. It's this trying to reform and turn this massive tanker round while keeping all the plates spinning at the same time as well. So perhaps that message isn't clear to the public about the kind of real need to try and change what we're doing because we can't keep what we're doing going for ever and the sustainability isn't there and that's quite immediate. It's becoming more immediate that that's sustainability than may be what it had been in the past – quite an esoteric thing; like something that was kind of far off and there was an ageing population and maybe that's not quite the experience that people have. So I think you're right about maybe sharpening up that narrative and that language as well. So I don't know if anyone else wants to contribute but the last person I saw was Margaret. So we'll start and finish with yourself.

Margaret Davidson: I was just wanting to talk about workforce and I was mindful again about what Ron said about working to develop their own health and social care professionals and we all need to do that. We really do and we really need to be much smarter at that than we have been and we've got huge opportunities with UHI to do that but I was bought into the narrative because I had seen it myself at the council when it ran the homecare. It couldn't recruit and when the NHS ran the homecare there were still problems with recruiting until we reinvented homecare in South Loch Ness where no-one had seen homecare for 2 years and we developed a new model around self-directed support working in partnership with a private sector provider – who's very good – and we now have no problem with recruiting people to become home carers. We've no problem. We've actually got almost a surplus at the moment and they're looking to spread their services a bit further. The difference is that a community builds a service which is much more flexible. So the recruitment has been very flexible. So some people only work for half a day a week; some work 2 days a week; some work almost full time and that has just transformed recruitment and people sort of fit in. The community co-ordinates the rotas and make sure that people turn up and people get their care - and has grown out of that – and they've been doing it now for scarcely 18 months or 2 years – it's not that long – and what has grown out of that is that they're now redefining the role as well. Home carers don't just turn up and do homecare over there. Free personal care – they actually do a lot of preventative stuff - and they're now looking at how they can deliver home based respite and on and on – and I think what you do when you work in a community level is you release enterprise and innovation and especially if they realise that we're taking control here; we can do things differently they will and it will

actually solve quite a lot of certainly the coalface recruitment - and do I think it can happen everywhere? Actually I think it can happen in a lot more places.

Aileen Campbell: Ok thank you very much Margaret. I think I'll wrap it up just now and just to kind of go through some of the actions though from the discussion which was I think was really good and thank you very much for the contributions that you all made. So I think there's a number of things around actions and things that we can further tease out and discuss whether that's in correspondence or at the next meeting round consolidating what we've already done in packaging up that and to tell the story of success in the work that's happened so far and to build that confidence which is required in the system; making sure to be mindful of that tension between taking time to transform and taking time to work through this integration journey versus the pace and scale which is required to make that impact happen but also making sure that we're very clear about the reasons that we're maybe transforming a service to make sure that that's meaningful, impactable and has purpose behind it as well and not just doing it for transformation's sake. There was a clear requirement for us to have a focus on the workforce around recruitment and retention. I think that's something that's commonly felt across all your local authorities and health boards and also to have a much more steely focus on the motor neural issues which of course won't just benefit this particular group of local authorities and health boards but actually will be much further. I represent a rural area as well and some of the things that you've said today resonate with me very strongly because of the population that I serve. So there is clearly a lot there that we can work on and what I'm not sure about is how we then use it to inform the next discussion but certainly we'll make sure that these things are captured so that we can work on them together and make sure that we make the progress that I think we all need but again thank you very much for your contributions and letting us know your thoughts about how we take us further on the journey and look forward to hearing more successes in the future. So thank you very much

John Swinney: A few words to begin our conversation on all of this. Obviously the government set out that in the election in 2016 the agenda we were going to pursue on focusing on improving the performance in Scottish education with the objective of delivering excellence and equity to all school pupils and young people involved in our school system and what that involve fundamentally is two things in my view: one is the system – focusing to a very significant extent on closing the poverty and attainment gap in Scottish education and secondly on ensuring that we are all focused putting in place the necessary measures to improve performance within Scottish education. On the first of those objectives – our objectives around closing the poverty and attainment gap – a combination of different measures that we've taken around the formulation of the Scottish Attainment Challenge and then the addition of pupil equity funding has provided schools with a great deal more flexibility to consider and make choices around how they can take forward intervention to meet the needs of young people. So for example I have just been visiting Park Primary School here in Oban and one of the decisions that that school took was to employ essentially a family pupil liaison person who works with young people to identify issues that are causing them concern or anxiety which inhibits their ability to learn and what the staff were saying to me about that approach was that it was beneficial in helping the needs of young people to be addressed more effectively by staff without it all having to be done in the classroom. So class teachers were finding themselves in a position where they were more able to concentrate on the

fundamental core of learning and teaching because the wider needs of young people were being more effectively addressed by the mechanisms that had been put in place through pupil equity funding – and that’s just one illustration of how pupil equity funding is being used to make sure that the approach to education is better and more effectively meets the needs of young people. So that empowerment of schools to take those decisions which meet the circumstances of young people is a really crucial part of the agenda. The second part is about the focus on improvement where I’ve been very keen to ensure that we draw together the work of local authorities, Education Scotland and other interested parties in a fashion that ensures that every school in the country is able to rely upon an accessible and valuable educational improvement resource to support the enhancement of learning and teaching within our schools and the focus on that is essential because without that effective learning and teaching we will not in any circumstances be able to fulfil our objectives of delivering excellence and equity. The discussions that I’ve had with local government around these points have been based on what’s been a welcome intervention in the debate that represents quite a number of the local authorities around this table - but not all of the local authorities – and that’s been around the Northern Alliance which has drawn together the work of Highland, Moray, Aberdeenshire and Aberdeen City Councils with the 3 island authorities - in a collaborative - which has drawn together resources and is also focused on the agenda of improvement which is resulting in the delivery of that improved body of support within education. So what the Northern Alliance delivers is the type of intervention – albeit I think it can be delivered to a deeper level within education where we improve the fundamentals of learning and teaching and we do that in a collaborative environment – my experience of dealing with the Northern Alliance it gives me confidence that that model is an effective way of delivering this type of support. In my discussions with local government they have suggested that many of the objectives that I am seeking in this debate can be achieved through the wider rollout of models like the Northern Alliance and I was pleased to reach agreement with local government on those points a few weeks ago and tomorrow the appointment process will be completed whereby we will have in place the regional improvement leads in all parts of the country. So the Northern Alliance also involving Argyll & Bute, and also the south-west collaboration involving North Ayrshire and the other Ayrshire authorities and Dumfries & Galloway, will all now be involved in that collaboration to strengthen educational practice and involvement which is a very welcome step forward. The further elements of the education reform agenda will involve Parliament considering legislation that we will consult on shortly to strengthen the role and discretion of head teachers in line with much of the learning that we’ve experienced from pupil equity funding and the Head Teacher’s Charter will be subject to consultation and legislation in the course of 2018 to ensure that we take forward that focus on empowering schools and enabling schools on meeting young people within their individual institutions. I think the final point that I would want to say at the outset is to welcome the degree of focus there now exists right across the system on achieving the objectives that we have set out around an approach to deliver excellence and equity in education but then also to have the relentless focus on improvement which is designed to strengthen the educational experience of young people in our school system and all of that will enable us to fulfil what’s been the wider direction of education policy that the government has set out for some time where we are looking to Get it Right for Every Child. So we’ll look at the needs and the interests of every young person. We’re building that experience

through the school based Curriculum for Excellence and the integration with Developing Scotland's Young Workforce links our schools, our colleges the world of work and our higher education sector much more closely together an integrated learning journey which will be the focus of much of the further work that we now do on the question of education reform. We've had an extensive amount of discussion to get us to this position that we are now in. I look forward to continue that discussion with local government as we advance this agenda and to identify ways in which we can further strengthen the focus on educational improvement to meet the needs of young people. So let me leave it there with my introductory comments. I'm very happy to hear the perspectives from around the Convention and what sort of conclusions they have. Alex:

Allan MacDonald : The Scottish Government has been hugely supportive for developments in Gaelic education over the last decade. There's many good examples of positive developments of association with local authorities – some of whom are here – today Bord na Gaidhlig publishes its annual report which shows that some 15,000 children across Scotland are involved in Gaelic education - to a smaller or greater extent depending on where they are in the system. I might say congratulations to Argyll & Bute who are funding feasibility study into the possibility of school provision here in Oban as well. Can I ask in terms of the important role of the regional improvement collaboratives have responsibility for Gaelic education as well?

John Swinney: That will remain the statutory responsibility of local authorities because obviously the collaboratives are about trying to draw together the work of local authorities in a cohesive way so there will be no impediment to the regional collaboratives providing support to enhance and develop the provision of Gaelic education but the decisions about where provision is made then what format that is will be decisions that individual local authorities will take but I think where I want the regional improvement collaboratives to focus on is how we enhance and strengthen educational provision and obviously there's role and scope for everybody to be involved in that in relation to the development and delivery of Gaelic education.

Cleland Sneddon: Deputy First Minister I think we all very much welcome the agreement around the work that was done by the Joint Steering Group over the summer and we look forward to taking this agenda forward as part of the Northern Alliance. I think for all of us the important aspect is that it's embedded within children's' services planning and what takes place is a particularly part – but it's only a part of the growth development of the child – and alongside some of the developments in early learning and childcare – the focus around the pre-birth to the P4 pathway – where we stick at it generationally – it will make a big difference. One of the areas that has been indicated that we looked at as part of the next stage is in terms of rural attainment and there has been a direct focus on urban deprivation in terms of the attainment funding which has been provided to the college authorities but rural deprivations are particularly pervasive and difficult issues for us. It restricts access to a whole range of supports and services etc so really to play into your considerations around that and I think that would make a significant contribution to addressing inequality in the rural context.

John Swinney: I'll come back and deal with those points. Any other observations?
Margaret:

Margaret Davidson: Just to support Clelland in what he said there around integrated children's services which have been part of our lives for a decade or more and on which we're beginning to make some real progress. The other issue I would like to ask Deputy First Minister is – well maybe I've missed it – but I still do not clearly understand how the lines of accountability are going to work - from the school to the local authorities to the rural improvement collaboratives and indeed to Education Scotland - and I'm not at all clear about how the lines of accountability are going to work. I know how they work now - and I know you want to change and improve - but I think it would be good if we had greater clarity.

John Swinney: Anyone else before I respond? James:

James Stokan: Just on the whole thing of the head teacher having that new responsibilities and things. I'm interested to know what's being put in place for when the head teacher fails in their duties and who then replaces and who supports particularly in the rural areas where they're sort of integrated within a community. I'm just interested to know if that's been thought through so that we know what to do when things go wrong.

John Swinney: George:

George: Just to pick up on what James said there. I'm getting messages from head teachers that suggest that they don't want any more responsibility than they've got. We've also got deputy head teachers who are very capable and talented but they're refusing to apply for head teacher jobs because at the moment they just feel it's something they don't want to touch with a bargepole and how would you respond to that?

John Swinney: To answer some of these points. First of all on Clelland's 2 points - it's right that this is set within the context of wider children's wellbeing and children's interests but fundamentally this objective is about improving the performance and the delivery of education and we shouldn't shy away from the necessity to do that. So yes there is an important context - and I decided that in relation to Park Primary School in Oban – but there's also a deeper point which we all have to confront which is about the performance of education and the necessity to make sure that we're confident that it's being delivered as effectively as it can be. You don't need me to explain the current debate on Scottish education to you. You can read all about it and if any of us think we can duck away from those hard realities then we're deluding ourselves. We have to face up to these issues and ensure that we have in place the improvement mechanisms to support the delivery of a quality education for all young people in Scotland. On the question of deprivation there are 2 strands to the specific targeted resources we've put in place to tackle the poverty related attainment gap. One is the Scottish Attainment Challenge which is fundamentally about the about urban authorities and where we have that concentration of identifiable poverty but the second part of it – the much larger part of it is pupil equity funding which is driven by access to free school meals. I had this conversation with the education convener of Shetland Islands Council just last week. There was concern put to me that because of the disparate nature of rural communities the identification of young people who may be eligible for free school meals might not be quite as open because of the small communities - and I don't have any scientific research about that – but I can understand that might be an issue. So the one thing I would say

about the mechanisms we use – essentially there's 2 mechanisms that we could use to identify a distribution of resources based upon the prevalence of poverty. One is the Scottish Index of Multiple Deprivation and the other is the eligibility for free school meals and the eligibility for free school meals will be a more comprehensive measure than SIMD will be. It will cover more areas. So that's why we opted for that particular measure and that's the most effective measure we have so far but I'm open to dialogue about how we might identify more effectively measures if there are measures and that's something which we can give some consideration to with colleagues who have extensive experience of these rural questions but because it's not because we've turned our back on a particular measure that we think will be better it's just that that measure doesn't exist to enable us to take a more refined decision – but I'm very happy to explore that and certainly to commission work in that respect. On the question of accountabilities and other issues which Margaret, James and George raised – let me say a few things about these points. I think the issues of accountability are very clear and are set out in the agreement that was reached with local government. Head teachers will continue to be employed by local authorities and will be accountable for their performance. Regional improvement collaboratives are there to make sure that every school in the country – particularly head teachers – have access to quality and dependable improvement resources around the country on a regularly accessible basis. So what I don't want to happen is a head teacher who can't get access to the type of improvement support that they require to enhance the educational propositions they are able to deliver - I want that to be available in every part of the country and available to every school. So on James' point: who replaces and who supports – well who supports is the regional improvement collaboratives because local authorities will be working together to make sure that quality support is delivered to schools and meet the needs of schools in enhancing the professional practice; who replace: well ultimately that will be a matter for the performance manager at the local authorities as it is today but no local authority would replace without considering what support could be put in place so it's about working with individual schools and head teachers to make sure that that is put in place. The final point I make at this stage of the conversation – George's point about what head teachers want – I certainly don't meet many head teachers that don't want to be the leaders of learning in their schools. They want to be in a position to lead the learning process; to create the best outcomes for children and to enable them to fulfil their potential. I'm acutely conscious of the fact that head teachers don't want to be leading bureaucrats and certainly the reforms that I'm putting in place I don't intend that to be the case but there's also an obligation on local authorities to make sure that they're not making head teachers leading bureaucrats as well. So when I look at the work which was undertaken by the Tackling Bureaucracy Working Group - which was a joint local authority and government discussion – there's lots of activity that individual local authorities can take forward to reduce the bureaucratic burden that head teachers and aspirant head teachers may feel that they've got to encounter. So I think we've got in place through the different measures of tackling bureaucracy and on improvement support in individual schools - we've got a very clear direction in place as to what needs to be taken forward to strengthen education. I think the key challenge is can we align together all the different elements to make sure that that is developed in a confident and convincing way by schools the length and breadth of the country so that they're supporting the taking forward their work on behalf of the young people in Scotland. So any other points on: Fraser:

Fraser Durie: In terms of the outcomes there are a lot of things in terms of UHI and the colleges will fully buy into and will want to get attainment in schools. Colleges have an important role to play in anyway in enhancing the curriculum and developing these small schools and we welcome the opportunity to do that but I just wanted to be clear in my mind our connectivity to this and at what point - if we're engaging with the schools, the local authorities or the regional collaborative because I think it's really important that there's that local focus because each of the areas within the Highlands and Islands are quite different in terms of what their requirements are and what the kind of profile of skills required. So it's to get an understanding of how we connect into that. Obviously we want to have a partnership with schools but we also want to provide the steps that allow that movement into the higher skills ladder for further and higher education. So it's just that connectivity and how we can best integrate that and is there a role for us as this is developed.

John Swinney: There's certainly a role because when I went to the kind of 3 pillars of education policy: Getting It Right for Every Child, Curriculum for Excellence and Developing Scotland's Young Workforce. The college sector has got a crucial role to play in that integration with employers and schools about how that's taken forward - and that can only take place at school level - because what works for Oban High School will be relevant to this part of the world in a way that's fundamentally different to what's relevant to Perth Grammar School in the constituency that I represent. So increasingly I see the very active dialogue between schools and colleges. Is there enough? No - but there's more than there was and that's very encouraging - and I would encourage ever more of that to make sure that that dialogue's taking place at the level that it really matters which is at the individual school level so that the knowledge and expertise of colleges in relation to local labour market issues - we have talked through extensively the developments and significance of those issues to individual localities - but that can be felt within the wider educational provision. I think that that to me is where that dialogue has to take place most effectively to ensure that empowered schools are able to have a conversation with colleges about how their needs and the needs of the learners can be best met by the way in which they work with individual colleges and the network across the Highlands and islands is significant in that respect because you are all locally based and active colleges. Ok. Any final comments? Margaret:

Margaret Davidson: I'm beginning to think that perhaps we just need to keep on with the work that we're doing and just mesh it into the changes that are coming. We've got a major work-stream underway around reducing bureaucracy and workload for teachers and for head teachers so that they can actually get on with the learning and teaching which is what they tell us all the time. We've got some pilots running at the moment and we'll be rolling that out around associated school groups. We just get on with that because we were still going to be dealing with associated school groups and doing our best to reduce the bureaucracy but we also need to mesh in with whatever's coming from the rural improvement collaboratives so that we're not pulling one thing out the door and then another one's coming in. That's what head teachers tell us is important - staff shortages of course - but the rural improvement collaborative are a means of doing their best to help as we can because we're all fishing in the same pool. I do sometimes just sit back on my heels and think about the size of the Northern Collaborative. It's massive. We've got in Highland about 250 schools. So between the lot of us I do wonder just how many schools we're actually dealing with. It's quite a few.

John Swinney: The whole purpose of it Margaret – and this is where I appreciate the value of what the Northern Alliance has done so far is that it has acknowledged the fact that there is a need and a means of improving performance and that is reflected in the choices that the Northern Alliance has made and what I'm very keen to make sure is that that approach and that ethos is shared more widely across the country and that crucially what they focus on is the enhancement of educational practice – not reinventing the wheel; not adding extra levels of government; not adding extra levels of bureaucracy – but actually making sure that the mechanisms to improve learning and teaching are available in every part of the country - and today I think all of us need to accept that's not the case and we need to strengthen it and the relationship of any – you asked earlier on and you referred to this – of Education Scotland – and the regional partners – and I want to see Education Scotland working much more closely at that local level with the regional improvement collaborators on that improvement journey. So it should be much simpler Margaret. Ok we're getting near to the end of our session today so thank you for that and we'll move on to the discussions on outcomes. So this takes us back to the start of our first discussion today which is on the European discussion and essentially the key points in here were about acknowledging the key impacts in relation to the loss of EU funding; regulation and trade tariffs, importance of migration and the support of future labour markets and skills. So that's the substance of the agenda and the call today was that we should try to ensure that those interests are more effectively communicated in a co-ordinated and structured way with the support of the Scottish Government on these questions so that whenever we have the opportunity to input into UK-wide discussions to try to ensure our concerns and the concerns of the Convention are taken into account. Does that capture the sentiments of what we talked about this morning? Ok. The second one on a thriving rural economy talked about the importance of ensuring the alignment of investment in strategic priorities across the public sector with the objective of creating a cohesive and sharing agenda that guarantees the development of a vibrant, diverse and thriving rural economy - and that was essentially us recognising that this organisation performs at its best when it's got a very clear set of priorities and the ones that we've had in the past have driven our activity have been renewables, digital, mobile connectivity - various questions of that type – the ones we're suggesting here are: housing ,digital and mobile infrastructure and transport as specific examples of this. Fundamentally this relates to the kind of foundations of what we might be able to achieve when we come on to the next outcome – the Convention post-2020 – James:

James Stokan: Yes just on that basis transport is now a major objective and HIE Trans should be involved from this next period whilst the national transport strategy is so high on the agenda.

John Swinney: I think – correct me if I'm wrong – but it's HIAL and have HIAL not been here before?

James Stokan: HIE Trans covers that as the regional transport partnership is this whole area and focuses on exactly the same area as previously.

John Swinney: I suppose yes and no James is my answer. I've nothing pathologically against it but you can see that as with all – and people say there's no need for de-cluttering in Scotland – so let's see if there's a way to make sure that – well I think this outcome says that COHI asks the Scottish Government with partners.

So let's just make sure that nobody is left out. So if that's ok then that one links into the next one which is on COHI post-2020 which essentially we talked about approving further work by the COHI Senior Officer Group to develop a more active agenda based around some of these questions and there is continuity in the latter part of that second paragraph – population growth, inclusive growth and investment in communities particularly digital, transport and infrastructure. So the paper that Calum and Ian led for us I think gives a very helpful starting point. Outcome 4: digital and rural: COHI members agreed the detailed update on the points raised by members and provided by the Scottish Government and HIE by the end of 2017 and on the issue of fixed wireless broadband provision members agreed that HIE and the Scottish Government should meet local authorities by the end of 2017 to explore the possibility of interim solutions providing better connectivity now while R100 is deployed and these can be progressed. Outcome 5 on health: some work on the successful stories of service integration and the communication of those programmes of change. The focus on change and innovation in the governance of health and social care and to consider specifically the issue of remote and rural issues in that respect. Alex:

Alex Gallagher: The last outcome - 4 – was very contrary. Things have happened. I think the other 4 that we've seen – and that's perhaps an understanding – the other 4 outcomes seem to me to be very perfunctory and if we go back to your closing remarks Deputy First Minister at lunchtime when you said 2 important things there: what happens next and to encourage individual thinking – I'm looking at these outcomes and they're not really telling me what happens next. I'm thinking at this structure here and I'm not seeing encouraging the individual. Am I getting something entirely wrong?

John Swinney: Well let me explain what I think where we are Alex. I think essentially we have had a number of conversations today whether it's on the Brexit process; on the development of the rural economy and on the forward agenda for development in the Highlands and Islands which are essentially predicated on 2 things: firstly we know the things that matter like connectivity, housing, migration etc. and then secondly that we will make more progress if we have an aligned agenda among everybody – not the same but aligned - so that we're kind of rowing in the same direction in that respect - and that our experience on renewables and digital connectivity is that we've made progress – we've not solved the problems of the world – but we've made progress when we've had that aligned agenda. I think those 2 sentiments are running through these objectives but you're right the digital and rural is much more end of 2017 to answer our questions. So there are differences. There is a different character and I accept that but I think I'm kind of with you because while it's nice to get together but what matters is how can we advance the agenda and deliver the goods. So to take for example the issue of renewables we've sat round this table for a good number of years – I think probably the 10 years that I've been in this room – talking about the need to improve island connectivity so that the islands can get some movement on renewables and we're sitting at a moment now where it looks like we might just about get there. Now you could say well could you not have got on with it faster but I think that's actually been the product of really cohesive – you couldn't put a cigarette paper between any of the positions of people because we've had a really aligned agenda amongst us all – government, local authorities, public agencies - are all pointing in the same direction. So it's about trying to get that blend between the forward agenda that take us some

years to get there and what we need to do in the short term. Does that give you enough background?

Alex Gallagher: Thank you. I'm just wondering if we could COHI some of this. Every single piece of information we've got today – and I thought the Ministers' contributions were excellent and the contributions from everyone round the table were excellent - but I'm not seeing that some of them are leading us to a solution or a conclusion - and maybe I'm just getting that whole thing wrong - but I like to see an outcome - and I like to see outcomes that are not wishy-washy – I'm a practical person - and some people are a bit more conceptual perhaps – I like to see practical solutions and I'm wondering how we can get this forum - because we're all together – to get – how do we get this forum to focus more on solutions?

John Swinney: But I think what a number of these outcomes are about is essentially putting in place the work to get us to that point. To be honest I don't think we're there yet. I can't sit here and say to you what's the aligned set of interventions we can do on housing today. I don't know what they are. We do a bit of heavy lifting to work out to identify what it will be to get us to that point and then we've got to see how much we can sign up. So I think if at our next meeting in the spring on the Isle of Millport – so at the end of the session in Millport you're feeling the same way then I think you'll have grounds – I'm not dismissing what you're saying - because I'm completely with you - but if we don't get to the end of the Millport discussion and be able to answer your hard question then I think we won't have succeeded. So thank you for that Alex.

Aileen Campbell: I am quite conscious of the fact that in our discussion - and I was also urged for us not to move forward too quickly at the risk of really needing to meet in our communities as well – in fact people talked about wanting that bit of space and a bit of time to try and consolidate what's happened to the progress of integration to make sure that we can build on that success; that we can build the confidence of our communities around this and this being the right agenda to take it forward. So while I can understand why you're impatient for change - and for there to be much more meaning – maybe you're looking for more clarity on these outcomes as well – I was quite conscious that in our session we were asked for a bit of time and space to develop that work around the consolidation of success; developing the confidence of communities; confidence in our workforce as well - but this has been not just reform for reform's sake but in practical, meaningful and delivering better outcomes – and that was a bit of work that I think people wanted to see us take forward - but also though we wanted to have a focus on the very specific issue based on remote rural areas - but of course that's not just going to mean this forum - it's going to include the DFM's constituency; it would include my own constituency as well and of course bits of Ayrshire as well - South and East Ayrshire as well. So I think I was quite clear that we had quite a chunk of actions to take forward around workforce; around remote and rural needs of the workforce - recruitment and retention – but also making sure that while we're demanding of our integration authorities to up the pace of change and to deliver its scale I was also asked to clear that bit of space about the next iteration for that journey and the next bit of that journey as well. So I think that was our kind of attempt to try and balance all of those things as well.

Alex Gallagher: Can I just say this is not meant to be a criticism of anyone or any conclusion but my feeling is that the 5 outcomes that we have produced are less

definite than the other one and that no particular individual nor outcome must be criticised.

John Swinney: Yes but I think your point Alex is a point well made about where we need to get to on an agreed agenda and I think that's the test that we should apply so actually to the people that take the live issues that we talk about around this table that's the test when you're writing the papers – we'll call it the Gallagher test – has it passed the Gallagher test - because I'm completely with you Alex because it will only be meaningful if every organisation can go away and say right we had a conversation around the Convention table – which is that this is the direction of travel that we're going to go on – are we operating within our organisation and matching those contributing towards that and what is our shared agenda? So I think that's a really good discipline for those who are writing the papers and structuring the conversation for next time round to see whether the Gallagher test is passed in Millport of all places. So grand. On the last one – on the education one – I think the only issue that I want to raise - and we've gone through the issues - but the one practical thing is to explore the approaches to measure rural deprivation and whether there's a way in which we can strengthen that – and that will involve partners round the table helping us in that conversation about how we might better refine the instruments that we use to identify rural deprivation because it is obviously significant as it is a determinant of allocation of resources. So if we have a final outcome which is essentially that we will take forward discussions about how to improve the measurement of rural deprivation to affect educational outcomes. Thank you. Permanent Secretary, you've been here all day and you will want to say something to us.

Lesley Evans: I do. Thank you Deputy First Minister. I have been in listening mode today - which those who know me well is not my strongest suit – and I have been holding back on some things and working on my listening skills and I just wanted to say a couple of things really. Firstly was that I've spent quite a bit of time this summer going round the Highlands and Islands of Scotland – I was in Tiree, Uist – meeting many of you actually and many others in Inverness – I'm a regular visitor to Skye – and I suppose not having been at this august body for a while it was really reassuring and interesting to hear how much resonance there was from what I was hearing out there – people who work in the organisations – people who work for the Scottish Government – community activists – people who represent what it feels like to live in those communities – so it's reassuring to see and hear that so much of what is being said out there is really taking place on the agenda here albeit perhaps not passing the Gallagher test yet - but I'll come back to that. The second thing was I haven't been to one of these events for a while. I think this is my third visit and I'm really struck by the maturing model that this represents about the fact – I think to pick up on what the Deputy First Minister said earlier on – the increasing strategic alignment of priorities, investment - and particularly important – influence and leverage – and actually this is a useful model or others to learn from perhaps in that respect. It represents a really strong co-productive partnership working of a kind that Scotland really needs given its size, its agility and all the opportunities we need to realise. It has an appetite for delivery – perhaps one that's not been quite quenched yet – but I detect a really strong focus on delivery and also on building on a sense of place – which again I think other parts of our institutional landscape could learn from - and an increasing tolerance for a-symmetry. We don't have to go at the slowest and we don't all have to be the same which I think is a really healthy sign of dialogue and

a sign of a healthy partnership. Perhaps most importantly what strikes me is the distinctiveness of the voice but the coherence of the voice and I suppose my plea would be going back to the conversations we had earlier on today is please make that voice heard whenever you can. I go down to Westminster and Whitehall every week so I sit with Permanent Secretaries from the UK Government and I was struck by how far away this conversation feels from some of the experiences of Departments and the knowledge base of some of the Departments that take place and conversations that take place round that table. It's never been more important for us to make sure that we are making the voice of this part of Scotland really articulating it and making sure that Departments particularly – not politicians necessarily – though that's another discussion – but actual Departments who will be increasingly coming and talking to you about what it feels like to be in the process of developing a response to Brexit that the voice is heard – and I suppose my final point in the Gallagher test would be: valuing what we do here but making sure that we remain impatient and I think that's a really good reminder for us in particular those of us who are taking away pretty complex and difficult longstanding issues to make sure that we're keeping up with the pace of change and expectation to be able to answer those kind of questions. So thank you.

John Swinney: Thank you Lesley and I can vouch for the fact that the Permanent Secretary visits the islands because when I was on my holidays in Tiree and she had the misfortune to meet me and my family on our annual holiday so I can verify for that point. I think that's a very helpful comment from Lesley about what this body represents. It's a forum whereby we can gather together areas of common thinking; trying to get more muscle behind those area of common thinking and make more progress than if we were all ploughing individual furrows on that. So I think the key thing is about agreeing what are the contents of that agenda and then going after it and there's an element to which we have to do that in proper order. We had the local authority elections in May – there's a number of new faces round the table with new priorities – it's important that we kind of hear those openly and then begin to identify what are the common themes around about that. So I think that's been actually a very helpful point Alex to remind us of the importance of making sure that agenda is tangible and therefore of value to members of the public in the Highlands and Islands on whose behalf we're all here to try to address those questions. So thank you for that. That's the conclusion of our proceedings today. Thank you very much for your contributions. As Alex has said the spring 2018 COHI is to be in North Ayrshire on Monday 12 March 2018 and can I thank Argyll & Bute Council once again – Aileen and Clelland for your hospitality today and there will be a dinner gathering tonight. Thank you all very much for your contributions and safe home. Thank you. **END OF MEETING**