

**TRANSCRIPT OF THE MEETING OF THE CONVENTION OF THE HIGHLANDS  
AND ISLANDS HELD ON MILLPORT ON 12 MARCH 2018**

**Present:**

George	Alexander	Moray Council
Steve	Barron	Highland Council
Angus	Campbell	SNH
Mike	Cantlay	SFC
Colin	Cook	Scottish Government
Alastair	Cooper	Shetland Islands Council
Lorne	Crerar	HIE
Joe	Cullinane	North Ayrshire Council
Margaret	Davidson	Highland Council
Alistair	Dodds	Highlands and Islands Enterprise
Fraser	Durie	Argyll College UHI
Fergus	Ewing	Cab Sec for Rural Economy & Connectivity
Neil	Grant	Shetland Islands Council
Mairi	Ross Grey	Scottish Government
Nick	Halfhide	Scottish Natural Heritage
Lorna	Jack	HIAL
John	Kemp	SFC
Inglis	Lyon	HIAL
Norman	Macdonald	Comhairle nan eilean siar
Calum Iain	MacIver	Comhairle nan eilean siar
Rod	MacKenzie	Crofting Commission
Duncan	Mackison	GFG Alliance
Mary	McAllan	Scottish Government
Fiona	McLean	UHI
Aileen	Morton	Argyll and Bute Council
Elma	Murray	North Ayrshire Council
Alastair	Nicolson	HIE
Lydia	Rohmer	West Highland College UHI
Calum	Ross	VisitScotland
Kevin	Stewart	Minister for Local Gov & Housing
James	Stockan	Orkney Islands Council
John	Swinney	DFM & Cab Sec Education & Skills
Charlotte	Wright	HIE
Damien	Yeates	Skills Development Scotland
Humza	Yousaf	Minister for Transport & the Islands

**John Swinney:** Welcome to Millport. Can I thank North Ayrshire Council for hosting today's event. I'll talk through the programme for today in a moment, but as ever I'm joined by a number of my Ministerial colleagues: Fergus Ewing the Rural Affairs Secretary and Kevin Stewart the Housing Minister and we'll be joined later on today by Humza Yousaf the Transport and Islands Minister in the course of our discussions but first of all can I invite Joe Cullinane the leader of North Ayrshire Council to say a few words.

**Joe Cullinane:** Thank you Deputy First Minister. I suppose just on behalf of North Ayrshire Council just to welcome everybody along to Cumbrae. I said last night to some of our colleagues in local Government, that I think the last time we hosted COHI we went to Arran, so we thought it would be a good opportunity to go to Cumbrae. It's a smaller island but no less great, with absolutely stunning views and some great locations, which you will see when we go to the cathedral tonight. I think on behalf of our Local Government colleagues, again thanks to yourself and the Ministers in the Scottish Government for coming along and having these events and spending your time with us. We decided to come to Cumbrae and use the Fields Study Council, which I think is actually quite a fitting end to what has been quite a good process here. This facility a number of years ago was going to close, it was threatened with closure, it looked as though that was where we were going to end up, it was going to have a major impact on this island's community and economy, and working with the Fields Study Council and with the Scottish Government and others, we now have a really secure future for this facility, and my thanks not just for allowing us to host the meeting today, the Fields Study Council, but the investment and the commitment they have made to Cumbrae and our islands. I'm not going to take much longer. We had a discussion last night Deputy First Minister about the housing item, and I think we were going to request that we maybe have an extra 15 minutes on that one, because I think there's quite a number of issues to speak to Kevin around housing. So I'll cut my contribution short if we can get an extra 15 minutes.

**John Swinney:** I would certainly be very happy to use the time that we've got available for wider discussion on all the topics that are of relevance to us today, and we've got a very full agenda to enable us to do that. Let me just say a couple of things before we get on to the housing item. I think the point that Joe makes about

this facility is a really important point. As Joe said this facility was faced with closure and a good collaborative effort between the local authorities, the Fields Studies Council, the Funding Council and the Government, has ended up making sure that this Fields Study Centre was able to continue its operation and actually to thrive as a consequence. I think there had been a bit of an uncertain path that the centre had been on, but has now been put on to a much stronger footing as a consequence, and I suppose the lesson I deduce from that is the importance of ensuring that collaborative working is deployed at all stages, to ensure that we get to the best outcomes and that essentially is what COHI is all about. It's about trying to create a collaborative agenda. When we met last time one of the points that we discussed was the importance of this body formulating an agenda that would actually deliver outcomes. So, not for it just to be a place for conversation, which it always is, but actually to get to stuff that makes a difference in peoples' lives. So, one of the points I reflected on when I responded to the discussions that we had in Oban, was the fact that it was just shortly after the local authority elections and administrations were finding their feet. We now need to get to the point where we use the opportunity of COHI purposefully, to make progress on the key aspects of the agenda that we formulate. So I just ask colleagues to be mindful of that as we go through the proceedings today, so that we're thinking more and more about what it is that we can actually all line up behind, that will make an impact on all of the communities. We have some opportunities in that respect today, strategically across the whole of the community with the item for example on digital, which is relevant to every single community within the Highlands and Islands area, but there will be other aspects of the agenda that we need to make sure that we get intensively focused on making a difference to peoples' lives. So if we can reflect on that in the course of our discussions that would be helpful. Let me just take a couple of moments to look at the outcomes tracker which has been circulated to colleagues and just make a couple of observations. There's an update on the various steps that have been taken, but I just want to make a couple of comments. The entire first item in relation to the whole European question and the implications of Brexit with which we are all wrestling. We are at an increasingly critical time in this discussion. It will get very critical in the course of the next few days, in relation to the powers that we're able to exercise in the Scottish Parliament, and how those will be affected by the decisions taken by the Westminster legislation on this question. I won't rehearse the

arguments here, but the Government is with wide Parliamentary support, taking an approach which is designed to protect the flexibility that devolution offers us, to exercise the responsibilities within our existing areas of competence and we are genuinely concerned about the proposals in the Withdrawal Bill, as to the implications that they represent because they will constrain the exercise of those responsibilities and we need to be mindful of that. What flows from that then is our ability to then engage purposefully in a discussion with the Highlands and Islands authorities, about how we can respond to the challenge of Brexit, because we don't have the scope and the flexibility to that we would ordinarily expect under our devolved competence, then our ability to make commitments here becomes more constrained. So the implications of that discussion are very relevant to the issues that we face here, and finally on that point the importance of getting into a substantive discussion about how we can utilise the arrangements that prevail after Brexit is a topic that we must all be focused on, but we are as yet unclear what will be the scope of exercising those responsibilities, because of the ongoing debate about the legislation that is taking place. I don't know if these issues will become clearer, but they'll certainly take their course in the next few days. The second point I wanted to raise was on digital connectivity, and we will have a session on that today which Fergus will lead for us. This is now at a very critical stage and again the development with the next phase of the project and programme taking its course which is a central part of our agenda, and then finally the item on the Highlands and Islands post-2020, I think in a sense that rather captures the point I was making at the outset of my discussions, that we need to have a pretty clear focus on where we're going post-2020 and that is a topic which we need to remain mindful, so as to map out the approach that we're going to take to have a shared common agenda that can therefore address some of the issues and needs of the people in our community. So that's the points I would reflect on in the outcomes tracker. At the end of today, obviously we'll agree a number of provisions that we will take forward as a consequence of our conversations today, and I would like them to be the main stay of our agenda in the period going forward. Any points anyone wants to raise on the outcomes that we agreed last time round? No. We'll move on then to the item on housing supply and housing policy, and I'll ask Kevin Stewart the Housing Minister to open up our discussion on this question. As Joe said, obviously there's an appetite to have a longer discussion on this and we can have that because it's

now ten past ten and we're 20 minutes ahead of ourselves. So you've got an extra 20 minutes Joe to while away your conversation on this one. So Kevin, if you could open up for us and then I'll take contributions from around the table.

**Kevin Stewart:** Thank you very much Deputy First Minister. I'm quite happy to have the extra time for discussion, but I have to be in Paisley later on this afternoon for some announcements round about the regeneration capital fund, which some of you will want to hear. So 20 minutes is grand but if I'm not on that ferry by 12 o'clock then I'll be in trouble. I think the first thing I want us to talk about is the fact that Angela Constance gave the key note address at the CIH Housing Festival on 27 February, which I know that some of you were at, and in her speech she was inviting the sector to begin a conversation with Government on housing supply beyond 2021 and I want to open the discussion by recapping some of the key points from her speech, and the member's paper sets out some of the challenges and opportunities and asks questions which I hope might form the basis around our discussion today. You're all well aware that the More Home Scotland approach is our overarching approach to bring together all activity to increase supply across all the housing tenures and at the heart of that sits our commitment to deliver 50,000 affordable homes, 35,000 of those for social rent during the lifetime of this Parliament. Our plan is backed by an investment of £3bn, but of course we're not going to meet those targets without your continued hard work and commitment, and I know that is going on across the country. We're now almost at the end of the second year of this Parliament and I think now is a good time to reflect on the progress that we've made thus far, and it's also time to look again at the challenges we face as a sector and a society, and to begin to think about that housing delivery beyond this Parliament. So you are aware that since 2007 the Government has taken a range of actions to improve housing outcomes for the people of Scotland, and I'm proud of our record on affordable housing. Thus far we've delivered nearly 71,000 affordable homes, supported by investment of £4bn. We've ended the right to buy and reintroduced council house building. Our commitment to social housing is to ensure delivery of more than double the rate of that south of the border. Home ownership is an aspiration of thousands of people across Scotland and since 2007 our home ownership schemes have supported over 23,000 households to buy a home. In our draft budget we announced new relief for first time buyers and these

measures are making the housing market more accessible. We've introduced innovations like our rental income guarantee scheme, which will boost the build to rent sector and funding to help bring thousands of empty homes back into use across the country, including just recently Orkney joining us in our crusade to fill empty homes and I'm glad of that James. We've extended the rural housing funds to last 5 years, alongside our affordable supply programme and the Rural Housing Sounding Board, which helped to form and set up the Rural Housing Fund. We have welcomed the news and interest in the funds remains high, particularly around the expression of interest stage with 115 EOIs submitted and 75 invited to proceed for feasibility and/or remain funded. We had 35 applications for feasibility with 29 approved, and these feasibility projects could deliver nearly 200 homes, if they all progress. There have been some early successes with the homes completed in Argyll & Bute, Highland, Moray and Perth & Kinross, and projects in Angus and the Isle of Harris due to complete soon. Two of the early funded projects have been recognised for their achievements and have won awards. The conversion of a former schoolhouse in Achiltibuie, a partnership project by the Coigach Community Development Company and the Highlands Small Communities Housing Trust, won the 2017 Scottish Empty Homes Partnership Award for an outstanding project. In addition, 2 new build homes in Ulva Ferry by Mull and Iona Community Trust won the 2017 SURF Housing Award. I have to say that the folks in Mull are keeping me on my toes. I had a long conversation on Twitter with them on Saturday. They're probably going to come to you Aileen around about housing needs and demands assessments. All of this is not just about numbers. We introduced the Scottish Social Housing Charter in 2012 and our Scottish Housing Quality Standard has led to a transformation in the quality, safety and energy efficiency of the homes of social housing tenants. We've protected Scottish households from the worst excesses of the UK Government's welfare reforms, and I'm proud of our intervention to mitigate fully the bedroom tax, supporting around 70,000 households who would otherwise have lost on average £650 a year. We've also worked hard to cut household bills by improving energy efficiency and tackling fuel poverty. Over one million households have benefited from energy efficiency measures since 2008, and I'm extremely grateful for the efforts that you have made on that front. The challenges for the future: we have an ageing population. By 2030 there will be over 600,000 people aged 75 or over and we'll need more suitable housing and services

to help individuals to continue to live independently at home, and as a society we will need to spend more on health and social care. One of the other main challenges is of course the UK Government's welfare reforms. The UK Government has been steadily chipping away at the support it provides, not least through the introduction of the 2 child limit to child tax credit, the bedroom tax and of course the benefit freeze, and we're spending over £100m a year to mitigate the worst impacts, but this isn't a sustainable or efficient use of public money in the long term. The UK Government approach contrasts with our new Scottish social security system which will be funded on dignity, respect and human rights and we will continue to challenge the UK Government on many of these policy areas. In 2012 we introduced some of the strongest rights for homeless households anywhere, but it is unacceptable in a country as wealthy as ours that there are still people sleeping rough on our streets, and that's why we've established the Ending Homelessness Together fund, with fifty million pounds worth of funding and set up the Homelessness and Rough Sleeping Action Group, which have already made a number of recommendations to Government, all of which we have accepted in principle. The group itself is now looking at longer term actions, looking at improving temporary accommodation and the last question that they will answer is how do we end homelessness? None of this is going to be easy, but I think there is a will to do so and the government has put its money where its mouth is in terms of that Ending Homelessness Together fund. On child poverty we have more than one in four children living in poverty in Scotland, and this is increasing. We must meet the challenges of combatting child poverty, and our new child poverty legislation sets out ambitious targets for 2030, underpinned by a £50m tackling child poverty fund. For many households in Scotland housing costs are significant and the housing sector has a key role to play in all of this. My officials along with other officials in Government are looking at this very carefully indeed. We are also unfortunately having to face unexpected challenges as well, and that happens in day-to-day life, and the tragedy at Grenfell in London shocked us all, and even though we are confident in our fire safety and Scottish building standards, we are not complacent, and where improvements can be made we'll make them, and we'll do this by listening to and responding to tenants. A lot of work is going on in that area at this moment in time. The DFM touched upon Brexit. The UK Government wants us to leave not just the EU but the single market, which is threatening jobs and prosperity in Scotland and has a major impact

on delivery of the housing programme, if people decide to leave Scotland to return to where they came from, then that is a real challenge for the construction sector. Conservative estimates show that 5000 EU citizens work in the construction sector. In one site I was on in Aberdeen recently 70% of the folk working on the site were EU nationals. I know that Highlands have estimated that one of the sites all of the folk on the ground were EU nationals. We cannot afford to lose these folk. I don't need to tell you folks about the particular challenges that exist in delivering housing in the Highlands and Islands, which again is outlined in the paper. Turning to the future we want all people in Scotland to live in high quality sustainable homes that they can afford and that meet their needs. This vision is underpinned by 4 housing and regeneration outcomes. Firstly, we need a well-functioning housing system and an important principle here is that homes are first and foremost for living, rather than for the storing up wealth. Secondly, we want to see new and existing homes reaching high quality and sustainability standards, and I would like to see all householders benefiting from the same high standards of accommodation and consumer protection, and I want people to be confident that new homes have sufficient space for living in and minimum environmental impact. The link between poor housing and poorer health outcomes is well established and we've consulted on a new long term Fuel Poverty Strategy, with a definition of fuel poverty that is more focused on those vulnerable to cold related health impacts and those most in need. We want to see homes that meet peoples' needs, for example, I want to see housing in the housing market become more flexible to allow people to meet their challenging needs. We need more new housing to cater for the needs of older people, which includes space for carers; provides storage for scooters, wheelchairs and hoists; and with lift access to homes adapted for wheelchairs, so that they're not restricted to ground floors only. Finally we want to see sustainable communities grow and develop, and I want young people to be able to afford to stay in the communities they grew up in, if that's what they want to do, and I want our housing developments to make sense of their geography and place. Our Planning Bill is part of our commitment to reforming the planning system, not least to ensure that we have enough of the right types of housing in the right places, and we'll shortly publish refreshed age, home and community strategies, and it will address both new and existing issues, such as changing demographics, isolation, disability, inequalities, dementia and fuel poverty. Turning specifically to the future of housing supply, I

want to hear your views on the approach post 2021. We're committed to continue to promote the increased supply across all tenures and build on our More Home Scotland approach, and we want to deliver more of the right homes in the right places, to meet the housing needs and aspirations of all of the people of Scotland, but recognising that public resources are finite and face many competing priorities. So we need to consider how future government led interventions in the housing market after 2021 can be broadened out beyond traditional subsidy for social rented homes. There's already a good basis for this in the innovative interventions we've pursued over recent years including the use of loans and guarantees. It's great to have the UK Collaborative Centre for Housing evidence with such a strong presence in Scotland, led by Professor Ken Gibb of Glasgow University. We want to develop the options informed by sound research and by recommendations from the established Scottish Land Commission. Our approach needs to be able to reflect the emerging economic and market data, and of course the impact of Brexit. The Building Scotland Fund and the Scottish National Investment Bank will also be important in preparing the ground, and the Scottish National Investment Bank will be able to support the financing of new models of housing and housing related infrastructure. We will continue to build on a successful track record of financial innovation, to deliver more investment for more housing across all tenures. I know that you need to plan ahead for housing delivery. There is a tension between providing as much certainty as quickly as possible and waiting for the best evidence and recommendations. Over the course of 2018 Ministers and officials will be looking to engage across the housing sector and beyond, to develop some of the outline options. In the next decade new housing must make a major contribution to our inclusive growth agenda. We need take best use of our housing market and supply levers to reduce wealth inequality; redress intergenerational inequity and deliver on the Fairer Scotland Action Plan. This includes making best use of the existing housing stock that we have. We'll not be able to meet our statutory child poverty targets and make homelessness a thing of the past unless we harness the whole housing system. We must make the best of the opportunities of offsite construction in terms of economic and employment opportunities, as well as driving up construction quality. You, I know, represent a huge breadth of knowledge and experience, and of course you're all putting in the hard work in your communities already, and I want you to stay focused on delivering now, but I'm also inviting you to

help shape the future, and if we could I would like to hear from you today on 3 particular things: what other challenges or opportunities do you foresee; what principles or ideas might inform your approach beyond 2021 and what would you need to do make them work in your area? I know that a number of you are already considering all of these things but I would like to hear your views today please? Thank you very much.

**John Swinney:** Thank you very much Kevin. A very broad summary of the issues that we're wrestling with in housing, and a statement of our record. So who wants to kick off? Margaret:

**Margaret:** Thank you. Can I actually begin by genuinely thanking you for the engagement you've had in Highland around housing. It has been extraordinarily helpful, and the partnership we have with the Scottish Government meeting up each week with Mairi and Alan McGuire is an outstanding partnership in delivering for Scotland, let alone the Highlands. So I think they're doing extremely well, but that doesn't mean of course that it gets any easier. Things move. The effect of Air B & B should not be underestimated. I heard Andy Wightman in Parliament one day going on about the effect of it in Edinburgh; believe me it is affecting Lochinver and Plockton and Inverness shockingly, because what is happening is that the rented market is visibly shrinking. So it just compounds the problem and just means that we need to run even faster. So thank you with your help for doing that. Post 2021, I'll come back to some of our problems now, but what we need to do is, I suppose it's the size of Highland. For me it has to be place specific because we've got different issues in different places. It needs to be very much thinking about what is it that this area of north-west Sutherland is needing? What is it that this area of Easter Ross is going to need for the next 10 years, but you're absolutely right, you don't do it in 2020, you start thinking about it now. You start moving yourself and aiming towards where you need to go, and I'll come back to that when I talk to you about some of our problems. Our challenges, well one of the key challenges in Highlands is the workforce planning that we need to do and the professionals we need to attract and grow in Highland. We're going back to the idea of key worker housing, but we can't go back to the sort of just say all social rented model. We can't do that. So what I think we're trying to evolve and probably manage among the discussions we're having with your support would be some sort of mid-market rent model that we can

support, because if you're attracting professionals they have got a reasonable salary and can support that. We can't go the social rented model because the voids just cripple it, but the key workers are increasingly something that we have in our mind, and we have to be able to say to someone if you come and work for us on the west coast of Highland then we'll make sure you've got housing for 3-4 months while you're finding somewhere to live, because that is becoming increasingly difficult. So again the place specific planning to get us through that but right now we've got to think about that key worker housing to keep our population moving. I was interested and maybe you can flesh out what you said about the regeneration capital fund because we missing the vacant and derelict land fund. We made good use of it and we've still got more use we could have made of it. So if you're coming forward with something else, that's to be very welcome and a bit of detail would help with that. If you asked us what are the biggest obstacles to accelerating house building in the Highlands, and we're doing ok, it's coming, but I would like to see it double that. I've got no patience at all. So first of all I say why has it taken so long, that's my usual question to begin with, and my second question is what are the blockages? Well there are 2 and I don't think either of them will be a surprise to you, one is land availability, and we've still got things we need to be looking at there, around planning and unblocking that. We're, she says touching wood and crossing her fingers, we should be getting on with the second phase of what we call the west link in Inverness, and that will free us up land, where we've got anything up to 2000 houses. So it will go over the west side of the city and that will be great. The other thing we've got is our school rolls. They're going through the roof. I'm pleased to say that people in Highland are breeding and they're doing quite well just now, but we haven't planned well enough for it and I think the hands need to go up over the last decade and more. Planning and planning for housing have not come together sufficiently well and planning around our school roll, and we do have real capacity issues at the moment. We're wrestling with them as best we can, but there are 2 things in housing which have made a huge difference to us, one was the land bank fund, where you up-fronted some money and we've been revolving that ever since and we get the second home money from council tax, which has kept it going. That's been terrifically important. Secondly your infrastructure fund and I know that in my own ward one of the villages is opening a site where we will be able to do the first building for about 15 years which is terrific. That's on the move. So that again is

a revolving fund, so that you put it up but you don't have to keep coming back, because we get it back when the houses are built and we get the money back. What we've been looking at and maybe we can tease this out some more, is there is a fund where we could be working with the developers, it won't be for the whole cost of the school, but is there a revolving fund around education where we could be bringing in more money, we've just put up what developers have to pay us when they build houses, towards the cost of education, but I'm wondering whether we need to look at it again and look at it and see whether or not where you've got particularly growth. Scotland's schools for the future is concentrated very much on replacing poor quality and we've got enough of that too, but where we've got pure solid growth, like we've got in some areas of East Inverness and will have in the west, maybe there's a fund that we can expect the developers to pay into, but that we've got something upfront and we can have another revolving fund around education. We need to think that through and I don't think we have done it properly yet, but having had the examples before of the infrastructure fund and the land fund, I'm wondering if there's something here that can help us get out of the bit and at the same time make financial sense over the piece. So those are the big blocks for us. You were talking about some principles, at some stage I want to be talking about how we plan for the future. We all want to deal with the homelessness issues, but at the same time I've got young people who go on the housing list in our villages and have got diddley squat prospect of ever getting a house, until we're building at the sufficient volume and we're not there yet. So they feel very poorly done by, by the allocation systems we run with. They feel and I think we've got to be planning to keep more of our population, and if they haven't got the prospect of a house, they'll go, because if you haven't got a house and you haven't got proper jobs, and in Highland we're cursed with a low wage economy in many places. So it's a toxic mixture and add to that Air B & B and we've got some real issues at the moment, but despite all of that for the first time for some years, I do believe we're making progress with the accelerated rate of spend and the ability to look ahead. We need your help. We need your help to get us through this, but it's going to be about some real quality planning, which means that we don't get ourselves into the hole that just avoiding facing the issues has perhaps got us to in some places. So thank you.

**James:** That's a fair whack Margaret.

**Margaret:** It is. Did you catch it all?

**James:** Yes. I got it all. I'm just going to try and do the infill sites because I think Margaret's almost covered the whole plane there, but again I think it's fantastic that we've got a much more granular approach. I see all the streams that really make sense, and then the ambition and target, I think is really challenging for everyone and I think we need to see how we develop that. We have some challenges at the moment because they're building a hospital with us, which takes up all that kind of floating workforce, so all of a sudden in the last year the cost per unit has gone up for us by 15%. That's not a good time for public money to be spent doing something when you can get much better value out of it. So, we've got to balance all these things together. I'm interested where you are with regard to some of the stuff that Margaret said there on social engineering. Do we want to gravitate everyone to the centre where we've got to build more schools, and we end up with schools with fewer and fewer pupils in the more remote places, where houses built there or making sure that young families can live in houses there, would give you as good a result in the long run and is better overall, maybe more expensive in housing, but cheaper all over for the public purse, to make sure that you're not building new schools and emptying others. So there's some real challenges here, but the things you said improved outcomes for all; high quality homes; independent living, we work at different levels too, in the same way that you've got your urban and rural Scotland, we've got a main island and our outer islands. They have a very different challenges and we're looking for an even more granular approach to that, whereby an elderly couple may have lived in a home that was very suitable for the 20<sup>th</sup> century, but a young family don't want to move into it when it becomes vacant, and it was then sold as a holiday home and the family moved into the town on to the mainland and we lose population. We need to find a way to see where in the 70's and 80's you had the home improvement grant system, you got a little bit to make the home suitable for the next generation. I think we need to look at some of these opportunities for particular areas, and even in pilot schemes, that could actually just stabilise population, and we could also make sure we don't end up with more and more second homes in these areas. We come on to fuel poverty and again we need to find ways that people can make interventions into the homes for these people, because we need to look at smart applications in the future to make sure that homes

can deal with older people to serve them in different ways. So there's a whole lot of stuff in this area and I'm really glad Minister that you're looking for the questions, and we need to work on this together because for the remote and rural we do have specific problems, that housing can really help us with wrap around solutions for, and I think pilot areas should be tested to see if things work. If you're going to look for rollout in the future then you need to test one of these things now and find out, because the last thing is you can't just squander the public pound. We must make sure it works for the best value. So we're very keen to work with you on some of these things. So if there's a chance then we're quite keen to engage on these things.

**John Swinney:** Thanks James. Norman:

**Norman:** Thank you Deputy First Minister. Thanks to the Minister for the information he gave us earlier and I would like to particularly thank Mr Stewart for the invitation he presented and the challenges he presented us as a council last summer when he was opening a development in Stornoway, and that was to come up with some innovative ways of delivering housing, recognising then the challenges that are in the paper here, in terms of our remoter rural housing, and I think we've done a significant piece of work in relation to that, and government officials are having a look at that, and I would hope that over the next few months that there will be continued working between our officials within the Council and Scottish Government officials, to bring something to the table that will work. There is no doubt in my mind that housing is one of probably 2 key things that are important in communities and that is housing and employment and the economy. Closely allied to that is another item on the agenda, and that is connectivity. And that's connectivity of all types, both digital and infrastructure connectivity. But if I focus on the housing there is no doubt there are differences right across the country, in the types of housing and the housing initiatives that are required. There is a significant difference between areas that are under crofting tenure as opposed to privately owned land, in relation to being able to secure the land even at a considerable price. There are challenges within that. So even if the landowner is prepared to offer housing to be available for affordable social housing or affordable housing more generally, that there is still a challenge for the crofting community if that land sits within aren't happy for that to happen. So I think there needs to be a much more joined up approach and I think housing, the

stage it's at the moment, and given the huge commitment the Scottish Government has made to invest in, the biggest crime of all would be not to deliver on these houses within the timescale that were set out by Mr Stewart. So I think we have to work really hard on bringing all this together, and there is no doubt that already there is not a one size fits all, but there are better ways of delivering housing and engaging with communities in a way that there will not be a blocker to housing development and that they will be a catalyst towards making it happen. Linking that with the economy, the second key thing I know Margaret spoke about people in the Highlands are breeding, very often the island in the remote and rural communities what we doing is bleeding and haemorrhaging our young people out of these communities into areas, and that is the second stream of work that needs to be done linking the 2 things together. We've done some research. Recently we've employed a significant number of apprentices, the median age is 26, and we've done some informal research based on our model, and the model that we came up with is predicated on that to some extent. How many of them live with their families; how many of them would want to live in affordable social housing; how many of them would want to own their own house – 70% of them want to be able to own their own house; 70% also say it's unaffordable to them, and we're working quite hard to understand the mechanics of making these 2 things converge. So that for the 70% for whom it's unaffordable, then that's not an issue anymore, and the 70% who want to own their own home, have their own home. What that does in terms of a sustainable community, generally speaking you're talking about younger people who can go to their dad or their uncle or their aunt or their mother who has a croft and ask them for a quarter acre of land to build a house. That's no big deal. It is a big deal if you go to a township and ask for 5 acres of common grazing, because all it needs is for one person to veto that to a large extent. So there are real challenges there that are discreet to remote and island communities that aren't the case in other settings, but they are spread throughout Scotland, particularly in the west coast and in the north. So there are things that we need to start addressing collectively and this isn't for the Housing Minister or the Housing Department of the Scottish Government to fix on their own, it has to be done in conjunction with other Departments, and only then are we going to find a blend that won't be the same in every case, but a blend of initiatives that deliver and certainly James asked for pilot schemes. I think that's a really good option provided the pilots only seen as for a very short time and that it

doesn't become a pilot that goes on for 4 years. I think it has to be proven. It has to be demonstrated that it's something that works and if it is something that is considered to be able to be worked by government, then government as a whole needs to come together to deliver, along with local government as the main partner of that, and there's a lot of things that we can do at a local level to support that, and I really think this is such an important issue that we need to take this, notwithstanding reports, within the COHI agenda, and we meet every 6 months, and that issue should be there. I think there's a piece of work, who it's being done by I'm not too particular about, there's a piece of work that needs to be done in relatively few months otherwise we are not going to deliver on our resource planning allocation over the next 3 years, and we're very conscious of that in the Hebrides. We working very closely with our colleagues at the RSL HHP and they're really struggling to see how they can deliver, and we need to find mechanisms that allow that to happen. So it's really important both in terms of providing housing for people and particular focus on young people that we want to be living on the crofts, who will be supporting their parents, aunts and uncles on the croft for much longer if they're living next door to them, and they may not be seen as a drain on resources in health and social care if their being supported too. So there's a whole mix of things that come together and I know that probably complicates it, but it should, at the end of the day, your right it should be simplified a lot more and I think there is a distinct piece of work that is to be done by all of the local authorities, all of the RSLs and the Scottish Government to come up with something that actually works more effectively.

**John Swinney:** Can i just ask a question arising out of that Norman, which is about whether or not you talked a lot, and I fully understand the difference in scenario and the challenges of land ownership and land management that underpin some of these in pursuit of the housing objectives. Do you feel there is enough flexibility to take account of that in the mechanisms that are on offer, in terms of the investment in housing, to enable you to take up your, it relates to some of the points that James was making about being in tune to the needs of particular localities? Is there enough flexibility and scope within the approaches that we're currently taking to enable you to do that, or are they too rigid in assuming the model for delivery that we have to try to follow?

**Norman:** I think in terms of flexibility I think all the strands are there but I think it's about aligning them better. I think there is flexibility in there by using imagination on all sides and getting these strands better aligned with one another. I do think the strands are there. Historically the biggest issue with that has been finance and that is one thing that cannot be seen to be an issue now in that the government has allocated significant resource and the biggest fear is that if we can't get all the strands to align in a way that works and works differently in different places but within the parameters, I think there is enough flexibility with people being open-minded enough to recognise that one size does not fit all and something can be worked on and I think that's what the Minister has challenged us collectively in here today, not just challenging each of us but collectively, and that's what we need to do .

**John Swinney:** I think what also strikes me is that you have to a large extent exclusive competence over the issues of planning consent and the alignment of your planning decisions with the issues of housing policy can either make or break this. I'm struck by some of the comments that you made James about the fact that you will have aspirations for growth in some areas and the challenges of the school population in others. Well some of that is about the delivery of your policy responsibilities in a fashion, about trying to use your policy competence to overcome some of these challenges as much as it is humanly possible to do so given the changes in employment patterns and population flows that will exist. Ok. Other contributions: George please:

**George:** Thank you Deputy First Minister. Our problem in Moray is that most of our development land is owned by the developer and it tends to be one developer. So really it's his decisions that drive our housing policy and he tends to own land that are near the population centres, so that's where the affordable houses need to be built. We would like to build affordable housing in the more remote rural settings but the land isn't available there to develop. So increasingly we find our young people can't choose to live in the area they were brought up in and they have to move to places like Elgin, Buckie or Forres, because that's where the houses are being built. Is there any way we can overcome this fact? We have this largely one developer who owns most of the development land.

**John Swinney:** But there will also be land which is technically available for development but just not attracting a development appetite.

**George:** One of the things which we have done is to have a real hard look at the use of compulsory purchase orders by local authorities, and local authorities are more than willing to CPO for a road or transport project, but hardly anybody uses CPO for housing. So my officials have written to all councils of late, around but the use of CPOs. We held a seminar recently which was pretty well attended about giving folk comfort about using compulsory purchase orders for housing. Later on in this Parliament we're looking to introduce legislation around about compulsory sale orders too, and of course the Land Commission is doing a piece of work. So my challenge and my officials are more than willing to come and speak to your officials about this, my challenge to you is instead of using CPOs only for transport and road projects, why not look at that in terms of housing or regeneration projects. We will help you where we can in terms of giving your officials the knowledge and the confidence to move forward on that front, but in some regards that ball is in your court.

**John Swinney:** I think that makes the case for a very aligned set of interventions, because I think from our policy point of view we will want to be supportive of an improvement in housing supply in remote rural areas, because it will inevitably provide some opportunity to revitalise communities and to encourage and make possible economic development. In some circumstances economic development may arise, but there is a housing supply issue that goes with it, because the economic opportunity has happened in some particular location but the housing supply issue just simply cannot meet up with it. We've all got an interest in solving that challenge. So it's a case, I think, of trying to make sure that the opportunity for investment which is going to exist very continuously over the course of the next few years can be deployed in a way that helps address the various issues that have been raised today. So we've got this sustained commitment to capital investment over the course of the next few years and the opportunity to try to use that in a fashion that can best be used. A few others: Charlotte and then Joe.

**Charlotte:** Thanks Deputy First Minister. There's a strong read across from your last remarks and to the paper that we'll hear from later, but one of the strong factors at play in the Highlands and Islands is the market failure within the construction sector, so I suppose one of the issues to raise here is the how we stimulate that and how we support de-risking, which will make it attractive more attractive to the construction sector, and what else can we do to grow the very small companies that will look at building in ones and twos into greater scale, or indeed the challenges that we do see in attracting some of the larger building companies into some of the more remote areas, due to challenges like ground conditions. So I think lots of work around the construction sector itself. The second point I have is around community land owning areas. They're very interested in developing housing for obvious reasons, as they see it as protecting the resilience of those communities and many have some great examples where they've built housing, but the most common discussion we have is the amount of time it takes to deliver for those community owning land. So I wonder what we can do to speed it up for them. I think on average I would say that could be a 3-5 year period from inception of the idea to actually delivering small scale housing which is owned and run by the communities.

**Joe:** Thank you. I think we've covered quite a large number of issues. I suppose one of the other issues that haven't been mentioned yet for the island communities is CalMac's role in the freight charges and the supply of labour, as well as the materials, and what role does CalMac have in terms of going forward to 2021 in making our island housing markets more competitive with the mainland? That also comes to Margaret's point about key workers, and I've said this to you before Minister, about the position we have in the Arran housing market and the supply of jobs, but the inability to actually have affordable housing to get people to fill those jobs and what that does to that island economy. Margaret was talking about the key workers, and key workers housing, this is a bit of work that we should be looking at in terms of going forward to 2021, about island allocation policies and rural allocation policies in general.

**John Swinney:** Aileen:

**Aileen:** Thank you. Can I maybe start like other people by saying how much we appreciate the chance to work with the Government on the delivery of this project?

It's obvious it totally meets our aims around depopulation, and Meg's is actually mentioned in the paper, obviously a three hundred's allocation is a substantial development anywhere, and somewhere like Argyll & Bute though it is a huge allocation, and a massive project for us, but what is more normal for us, is the delivering role between 2-20 houses in a much smaller location and Mull, maybe is a good example of the kind of difficulties we're facing. I was in Mull towards the end of last summer, and what's raised by many of the businesses is the difficulty in finding private affordable rented housing. They're really struggling. We actually had businesses saying to us that they had expansion plans which were deliverable and achievable and they weren't moving ahead with them at the moment, because they couldn't be sure they would find housing for staff to stay and obviously areas like Mull and Isla are obviously the same. It's just issues around second homes and holiday homes, and the scale of housing that's taken out from local use. I think one of the other issues we have as well is blending, so on Isla for example there's a site where social rented housing has gone ahead, where it's been driven by the public sector it's been delivered but we've not. Then there was supposed to be private sector housing delivered on the same site, and that is obviously our aspiration, right across our communities. I'm sure everybody's the same where you want the mix of social rented and private, and we're really struggling to get the private rented sector to come on board and deliver. So I suppose picking up on Charlotte's comments about market failure, and we do have a huge volume of unfulfilled planning consents, so we've got a really high approval rating right across the board, giving them planning permission but it's not then developed, and again that comes back to its really difficult as a council to try and find the drivers to push forward that development and make sure that there are more made available. So we are looking at our strategic housing fund and how we can find new ways of triggering things, and that does include looking at do we up the allocation for island development to address the issues that Joe's raised. There are extra costs particularly on the islands, even above and beyond the remote rural, but we are looking at things like equity shares; self-build mortgages and all sort of options and it is how to try and move those aspects because actually, and I'm not saying we're done with social renting, we still have plenty more that we could do, but I feel as though we have delivered now for quite a number of years on that, but where we are lacking is on

that kind of affordable in a non-social rented sense, where ordinary people can come and get the kind of jobs that are available in our area and find somewhere to stay.

**Alistair:** Thank you Deputy First Minister. In Shetland we're actually quite well ahead in our delivery. We have master plans for Lowry which will deliver a project of 400 houses which is almost complete. This year tackling the village of Scalloway, with a local plan for Scalloway and the issue there is land availability. Whether we can get the land or not, and that has been ongoing for as long as I've maybe been in the council, which is a long, long time now. Looking over Shetland as a whole, roughly 80% of the planning programme for Shetland is for single wind fall houses, one house development as a croft. We struggle now with getting mortgages. At one time you could get the self-build mortgage and you got the staged payments and now the young folk depend on the bank of mum and dad to build a house for them. We get hassle in the local authority because we don't come with the building completion certificates quickly enough. So we really need a system whereby we can assist these young folk to build the house themselves. It takes all the pressure off the social housing sector. I think there's commonality between the two. We also need to find as was said by the previous speaker, some way of encouraging the private sector to build a number of houses. Small schemes in Shetland would be 10 houses. We're not talking about the big things in Inverness. We struggle to get that to work. The real issue that we have now in Shetland is encouraging and trying to get young folk to come back to the island and also they bring professionals in. The health board really struggles to bring in staff and one of the big issues is not just the house but that it's quality housing. The police service, they have a house down in Strathclyde or wherever and they come up to Shetland promoted as a sergeant or inspector or whatever, they can't get the quality house in the same calibre and the sad fact is that if you go back a few years we had teachers' houses; police houses; we had the fire board having houses; we had the health board having houses, now they have no houses and it all falls back on the local authority to fill the hole. I think we actually need a discussion with our community planning partners to bring together the housing needs for professionals as well as the social housing sector. That's a big challenge around just how do we actually encourage the professional, fire, police, health board and the like to engage in housing provision for bringing the professionals into the township. We have a real issue with that at the moment. The

big issue is not just getting them into the township. Career wise, they're willing to come for a while, but they can't get a roof over their head and we have to do something about that. Thank you.

**John Swinney:** Fergus do you want to say something?

**Fergus Ewing:** Just 3 quick points. Firstly since 2007 I think we've issued 800 grants under the crofting grants scheme and I'm very keen to try to identify some more funding for that, and of course it's particularly helpful in the Western Isles, which is good, but I hope that can continue to play a part in helping young people build their own homes. Secondly, I've discovered that the Scottish Government own an enormous amount of land. No-one has explained to me quite what we're going to do with it. It does seem to me that we should have a bit of it is crofted, but anyway it does seem to me that its suitable, my 3 favourite words are: cheaper, simpler and faster, so if any of the local authorities here would like dialogue about this, and you will know better than me probably, which land we're talking about, then it does seem to me there must be more opportunity to use that land for the purposes of housing. To be fair some work is going on but more could be done. Lastly, and I think planners have done a terrific job both here and the next session of the Highland Council, marvellous job, and it's wrong to blame the planners, actually it's the system they have to apply, it's tremendously complicated. So if you get a planning permission, developers I know call it half a planning permission, because that's just when the difficulties start about fulfilling the 20 suspensive conditions that require you to do all sorts of things and if we get feedback from you that some of these rules are unnecessarily prohibitive then of course we're in a position to do something about it, but we do need to hear from you and I think Charlotte's point about delays is probably something that many others could have made round the table and if there are things that we can do to make it cheaper, simpler and faster, then with your help we can do that.

**John Swinney:** Thanks Fergus. I think it's also worth bearing in mind the point Fergus makes about land that's in the government's ownership, we had an opportunity for example at Craiginches Prison, when the new prison was built in the north-east, to either dispose of that land or to retain it for key worker accommodation, which is what we did. So there is an option there for utilisation of

public sector land for a very different purpose. Going back to some of the points that Alistair raises where we did have a presumption about the availability of accommodation for members of staff in the past which is largely eroded around the country then there may be a certain rationale. Ok. We'll take up some follow-up contributions before I ask Kevin to close the discussion. Ok. Margaret then James.

**Margaret:** Thank you. It's just to bring together some of the issues around land availability. George has got the same issues in Moray and yes we've been encouraged to use CPO and sometimes just threatening it does the job. So I understand that but there are also issues about changing the planning, and I think we do need to note that if we say to people, right we're going to de-zone you if you don't develop in the next 12 months or show intent to develop, if we do that we need the backing of government, so that they don't go running and appealing and all the rest of it because we had the perfect storm of the recession and we had lots of land zoned but they sat on it; they're waiting for value to go up and they're still sitting on a lot of it. We need to shift them on that. So maybe through the meetings we have in Inverness we can start talking about how we can bring that together and how we can get the support of government to actually shift some of these real blockers that we've still got out there. They're essentially preventing us from really accelerating the house building. We've got similar issues elsewhere, where you've got landowners who just don't want to sell. Some farmers, some estates just don't want to sell and you can see those villages when you drive into them. You can see where you've been blocked for ever. So that's a different conversation, but many of the same issues that my island colleagues have been building up. I think if we could have a joined front with some of the developers around shifting the big areas of zoned blocked land. I think that would go a long way. George has got a particular problem because he's got one big developer down there. We've got 3-4 who are still sitting on the land and we need to get them shifted because we need the land for housing.

**John Swinney:** James:

**James:** The Cabinet Secretary's just left the room and I wanted him to hear this because it's really got to do with the point that Joe made so well about the freight costs, and I don't quite understand that when you move from the mainland to the island, freight is one of the real contributors to poverty, and when you've got a

second freight charge to go from an island to another island like Jura to Islay or like Kirkwall from the Orkney mainland out to Stronsay or somewhere, these costs multiply the cost of doing anything disadvantages business, but we're doing something on the RA Quay for people who are rich both in time or in money, who can travel a lot but the poor people can do neither. They've got to stay where they are. The freight costs are the most important thing. We've had a freight review in process for more than 2 years and we still don't have an outcome and it's high time that we got a consistent approach across the country, but we also need to think how do we get rid of this second cost, because every product that comes to the Orkney mainland then goes to an island, and because these islands are our most fragile part of Scotland we need to be supported in some way and I would like to see if there's a mechanism whereby we can help these things. Thank you.

**John Swinney:** Any other comments? The only other observation I would make, sorry Norman were you wanting to come in?

**Norman:** Just to pick up on the point that Charlotte made earlier about that land ownership. We've got 70% of the land in the Hebrides is now community owned, and I think in large part community ownership are responsible for releasing land for housing. There are some who are looking to get the biggest buck for doing that and I think we should be as a public sector and as a Government given that it was public money that allowed them to purchase the land in the first place, that they should be encouraged not to do that and that they should be releasing that land at nominal value and again that goes in relation to the time it takes. Resumption of land out of crofting is what it takes a long time to do that. The planning process relatively speaking is quite short compared with that and again that's something that collectively we can do some work on. I fully support Joe's comments that where it's possible to do that I see no reason why if public money is being used to support house building that when a lorry turns up on a pier and they can demonstrate they're bringing a kit for a house to be built that is paid for and assisted by the Scottish Government, who also pay a large part of the service that they are providing that there should be some kind of derogation to that and again I think that would make a huge difference. It costs almost £1000 to transport a kit house from Ullapool to Stornoway and sometimes more than that. So that's a significant chunk of money.

So I think there are things that we can do collectively but there are also things that we need to be more collaborative about. That's all.

Just on that same front, 30%, is the known additional cost for us in Shetland of building whatever. We've got a new school, 30% more, a new house 30% more, and that issue is the harsh reality for Shetland. It's 30% dearer than whether it's down in Moray or wherever and we just have to live with it, that's one of the big issues for us. The grant aid rarely takes account of that extra 30%.

**John Swinney:** Kevin I'll get you to close the discussion. The observation that I certainly have is that one of the points coming out of that conversation is the need for some cohesion about the approach that we take between the Government and local authorities on how we accelerate development and some of that may relate to what George raises about land ownership; somebody raised the issue of ferry costs and certainly we will have a look at it; somebody looked at the interactions with planning consents with the local authorities and I think there's a key area of action there but Kevin you can close the discussion.

**Kevin Stewart:** Thank you very much. I'll go through this point by point. If I don't spend too much time on certain things and you want to come back to me please feel free to do so. I've made it my business as you all know to go to some of the more rural and remote places to look at delivery and the challenges to delivery, and I've said all along that this is a housing programme for all of Scotland and we are doing our damndest to make sure that that's the case and that's why I've gone to places like Horigoboss in West Harris to see what can be achieved there. I've been to Orkney and Shetland a number of times and will continue to go all over the place to make sure that we're getting this absolutely right. Let me turn first of all to Margaret's comments on Air B & B. You will be aware that the government established a group looking at the digital economy which has reported back. The government is due to respond very soon to that report particularly for me the Air B & B situation is one which we need to have a real look at. I have had discussions with Andy Wightman as well. You've got to be careful in terms of getting the balance right because I don't want to see the economy in the Highlands and Islands affected by clamping down on something which is actually providing folk with a living but it's how they are actually doing their business. So we aim to respond to

that very soon. The likelihood is that we will carry out some kind of experiment to see what is going on there. It's fine for folk to go on about this - and they're right to do so - but before we can do anything we need to respond with the evidence that we have and we're not entirely there yet. There's been a lot of conversations today around about key workers. The DFM pointed out the Craiginches situation in Aberdeen where government entered into partnership with Sanctuary Housing to develop that site which is almost complete now. My officials on the ground are actually looking at sites like that as they're becoming available and we're trying to grab them where we can. I think that that kind of key worker housing at mid-market rent level could resolve a lot of difficulties in certain areas. In particular I'm keen to look at this for Lochaber, for example because it's very much on my mind, but if we could do that elsewhere and there's a will to do that in your neck of the woods, then we will certainly look at that. Marion and her colleagues are doing a regular trawl of government land that becomes available, so that we can ensure that that becomes housing. We can pass on more information about what we did at Craiginches and what we can possibly do elsewhere and I would be glad to get your feedback on that. In terms of land availability we touched on some of that in terms of more use of CPO and CSO, just in case it hasn't crossed your radar I'll issue the letter that was sent to all local authorities again around about CPO and give you the names of the 2 officials that I have who are working on this, who have gone around the country offering their support if folk are a bit jittery about that use, and of course we will see other things coming into play during the course of this Parliament, with the Compulsory Sale Order Bill but also we'll look at the work of the Land Commission is undertaking at this moment. In terms of infrastructure funding, again very early on with conversations that I've had, I'm aware that some places are much more challenging than others to deal with, and when Highland came to us with a proposal around about a Highland Infrastructure Fund, we reacted to that extremely quickly indeed, with nine million pounds worth of Government money and £1m from Highland, which is recyclable and I think is making a real difference for you Margaret, and the national infrastructure fund has opened up sites like Dumbegg as Aileen mentioned, and I'm always keen to ensure that we do our very best to make sure that money is spent wisely. There are some greater challenges around about infrastructure provision. I know that Shetland are keen on Steamie Hill, I am too but that site is much more challenging than certain others, but where we can break

through, we will do so. Some authorities have not really made any big bids into the infrastructure fund, but even if it's not money related, again my officials can help in terms of breaking certain things down. At the very beginning of getting this role one of the main obstacles in certain areas was Scottish Water, and we've more or less resolved that now because they've changed the way that they've structured. There's still a few places which are challenging but that was a problem that was universal just a year and a half ago. That's more or less gone. So we can do that. In terms of infrastructure itself particularly around about schools the Planning Bill itself is looking at an infrastructure levy and there's more work to be done on that, but a combination of using section 75 properly of the TCPA and bringing that infrastructure levy into play I think can be really helpful. In Edinburgh, their Edinburgh and the South-East City Deal are looking at the education aspect as well. I think we've got a bit to go on this but I'm keen that those folks there exploring the infrastructure levy look at this in some more depth. You will have seen probably the work that has been completed on the infrastructure levy on the Scottish Government website. I'm not convinced by the findings of the work that's been undertaken and that's why I've asked for more in that regard. In terms of housing needs and demands assessments and capturing the needs of young folk in particular, I'm not entirely convinced that the work that many local authorities do actually capture that need. I'm not going to name names but I can go to certain local authorities and they're able to tell me almost straight off how many houses they need to deliver for wheelchair accessibility for example; how many they think they need to keep up with the changing demographics; and others are not quite at that stage. I think for you guys that is a challenge, that I think we need to rise to that challenge, and we need to get others involved in those housing needs and demands assessments. As I was saying I had a Twitter conversation with folk from Mull during the course of the weekend and I think they want to become more involved in the council's formulation of those assessments, because they often have the knowledge that is not picked up in that general assessment. So we need to use community groups more in terms of coming to the final assessment which of course then move on to your actual programmes themselves. The ships and other things. So it's important that we get this right. One of the key things around about pilots is that we've got a number of things on-going, some of which are about to come out of the pilot stage and they're about to be rolled out. The self-build loans fund which was piloted in the Highlands and has had some success, is about to be

rolled out right across the country. So now Argyll & Bute, the Hebrides, Shetland, Orkney and Moray and North Ayrshire can benefit from that too. I think that opens up real opportunities. Now I recognise that the way that we have it structured at this moment, we may need to adapt for certain areas and I'm keen to hear feedback as it does rollout. The complete rollout should be October. Folk are working up that just now. So it's in October, we'll get a feel very quickly if it's not really working in certain places, but again we intend to ensure that we can get that absolutely right. The other scenario that I think James and Norman hit upon was improving existing stock. We've got a pilot at this moment running in Glasgow, Argyll & Bute and Perth & Kinross about using equity from current homes which we will take a stake in that equity to give folk the necessaries to improve those homes, mainly around about energy efficiency, which is the main difficulty for a lot of people. That pilot is just about a year old. We haven't got as much information as I would like around about that yet, but again that's something that I would hope, maybe with some adaptation, that we could rollout elsewhere. I'm very keen as folk know in terms of councils using the resource that's available to deal with empty homes. I know that Orkney have just recently come on board there, which I think they're already seeing success with an empty homes officer in place and bringing houses back into use and again I'm keen to hear the experiences because what may work in Clackmannanshire may not work in Orkney. So again any feedback from that I'm always wanting to hear. The community land ownership scenario: I've been to a number of places who have accessed the Rural Housing Fund and a lot of their journeys have been quite quick. So if there are particular folk that you want to highlight to me Charlotte, I would be really grateful, because if I don't know what the impediments are then we cannot break down those barriers. I've got a feeling that some of it may be planning but let's have a real look at that and as I talk about planning I think we have a Planning Bill going through Parliament at this moment. There are a lot of voices being heard but mainly from developers themselves and from those folks who are very anti-development and there's not a lot in the middle. If you could make your voices heard I would be grateful. In the Planning Bill itself it's just the start of that planning journey because then we move on to National Planning Framework 4 and a refresh of Scottish planning policy. National Planning Framework 4, I'm very keen to ensure that we have a much greater emphasis on sectors and geographies rather than necessarily picking big projects. So again, we'll really need your input as we move

further on in that journey, but I would plead with you now in terms of the planning Bill to make your voices heard, because lots of other folk are having their say and I think that middle ground voice is being lost. In terms of planning itself where there are areas of land which have not been developed over the piece and you want to do what you need to do in certain cases and de-zone it or zone something else, you're not going to hear any moans and groans from me about that. In terms of some of the other aspects of construction costs almost everywhere I go I hear construction costs are greater here, sometimes that's round about wages, sometimes that's round about transportation, but I am aware of some of the difficulties you face, and that's why I've been much more lenient in terms of some of the monies that have been doled out. Orkney' the best example in terms of energy efficiency money, where it took you a long while to get the capacity and we were quite favourable and not taking any of that back. We will continue to look at capacity and cost in that regard. I will have further discussion with Fergus around about that, but one of the things that I think we need to look at much more, and what might be useful is for you guys to have a meeting with some of the offsite folk, because I think they can provide solutions in certain areas, not all areas, and also to ensure that we align the workforce in your areas to be able to deal with that type of construction. I know it's happening in certain places but not in others, and a lot of these companies of course are based in your areas, so it's boosting the economy of the more rural areas too. What I would say is that I'm always grateful to you all for ideas. Sometimes we can deal with those quite quickly, like in the case of the Highland Infrastructure Fund, but sometimes it takes a bit longer, and I know that Norman and his colleagues have done a lot of work around about another housing model, which we'll have a real hard look at. Don't be backward in coming forward. Some of you are not already, but it's always good to hear from you and if we can do something, if we can break down barriers then you know that we will.

**John Swinney:** Thank you Kevin. That's been a very helpful comprehensive conversation. We'll work on a summary point for Kevin to give his input into that before we agree that later on today. So we can reflect on that later on. Thank you very much Kevin. We'll let you get on to your other commitments today. If we move on to the next agreed item which is on digital connectivity and obviously this has been an issue of huge significance for the Convention over a number of years,

recognising the centrality of digital connectivity to all areas of the Highlands and islands. We have made significant progress already but obviously there is a great deal more to do. So Fergus can you lead us through this and then we'll open up for discussion. There's a paper that's been shared with members already.

**Fergus Ewing:** Thank you John. Since we last met in Oban we've made stonking progress having begun our tender for R100, a £600m programme to reach every home and every business premise in Scotland by the end of 2021 with broadband speeds of 30 megabits' per second minimum. The aim is to make Scotland one of the best digitally connected nations in Europe, by doing so to unleash enormous potential for people and businesses throughout the Highlands and Islands. I'm pleased to say that of that that £600m, no less than £384m is devoted to the Highlands and Islands and north-east. Scotland is divided into 3 lots and I will circulate this map later. You can probably just make out that the northern lot comprises of the Highlands and Islands and the north-east, and the reason that there are 3 lots is to encourage competition. Had Scotland been one lot for the purposes of the tender, it's likely that perhaps there would have been only one bidder who would have put in a very, very, very uncongenial price. So we have actually secured 4 potential bidders, all substantial players, and I think we can be reasonably confident that we will attract bids. The aim is to cover as much of the area by fibre, to get fibre to as many premises as we can we have mandated that some of the areas that should get coverage for example Ass and Achiltibuie, Sanday, Stronsay, Unst and Yell amongst many others. This has all been done after a great deal of geographical analysis of which areas would otherwise not get coverage. We are supplying if you like the void in rural and island Scotland. We expect commercial providers to fill the gaps for urban areas and they're doing so. You may have seen the announcement by City Fibre and Vodafone, a joint venture of £40m that's going to invest in Aberdeen. So there is a commercial appetite for commercial players, profitably to supply connections to the main cities and towns. That's not our job. We shouldn't use taxpayers' money for that. So £600m will be used to meet the aims of R100. We can't say yet I'm afraid which places will get covered when. We will be able to say that when the tender process is concluded. The tender process will come to an end at the very end of this year or the beginning of next year so by that time we will be better able to answer the detailed questions that understandably all of

you will have, but the aim is to get bidders, and it will be the process of competitive dialogue to ensure we get compliant bids, to get the bidders to cover as much of the territory by fibre as is possible. For those that don't get fibre there will be a voucher scheme, using potentially a number of other technologies. Colin Cook, the Director of Digital who is sitting at the table here will be able to answer all the difficult questions that you may have on that. The UK Government's ambition is somewhat modest. They're not at 30 megabits per second; they're at 10 which I think really is a bit shall we say piddling in this era of digital enablement being a necessity for people in business. They had sought to do a voluntary deal with BT, but that fell through, so they're kind of back at the drawing board, and that's really up to them, but we have gone ahead with the tender process. One area where perhaps your help would be really appreciated is that all the £600m the Scottish Government is providing from its capital budget, £579m, the UK Government is providing £21m which is 3%. I don't want to make this political at all, but if COHI felt as I do, that there must be a case which we are making to encourage Matt Hancock to up the 3% given that digital is actually a reserved function like defence or foreign affairs, then if that is your view that we should bid for a better contribution from UK Government then, I'm speaking really to the elected people round the table primarily, I think it would be very helpful to make a moderate sensible case to the UK Government for that purpose, and if we think back to the excellent work that HIE did and the Scottish Government did with the Digital Scotland Superfast Broadband Programme, the contribution of the UK Government then, I think, correct me if I'm wrong, was I think £100m from the UK Government or thereabouts, out of a total of £400m across Scotland. So in other words they contributed 25%, or that kind of thing, so on a broad-brush basis, I think there is a very strong argument that 3% frankly is a bit modest. The benefit of that is the £600m may not complete the job. There may need to be a further intervention after that, and therefore if we can persuade the UK Government to put their hands in their pockets that would be very good. So that's something I wanted to put to you. By providing the fibre we will kind of create a platform which might enable 4G and 5G in the future. I want to turn now to mobile, because the lack of a mobile signal is just as irritating as this lack of internet. Access to mobile is currently provided through 4G, but many areas in the Highlands and Islands completely lack 4G. We did an analysis of not-spots just before Christmas with a consultation, we identified 39, of those we expect 23 to be covered by commercial mobile network operators;

16 are left and therefore I am announcing today that we are investing up to £25m to improve the coverage in the selected mobile non-spots and this investment will start towards the end of this year. It will take 4 years. The initial investment is in 16 mobile masts. Again there is a map; you won't be able to see the dots on the map. There are 16. I will circulate these later, but the good news is that 13 out of the 16 are in the Highlands and Islands and the north as you would expect. The programme should extend to perhaps around about 60-70 sites in total over the 4-5 years. These masts will be available to all operators not just one, and it does represent a very major substantial investment. So obviously you will want to see the details about your own areas and so on. When we do that, what I would put to you is that it will be terrific for us jointly to promote this work as it goes on. So that when a mast is put up that the Scottish Government and local councils as appropriate together in partnership will promote this work and indeed that sort of ambassadorial role I would really appreciate that we work evermore closely together, because I think there is a tremendous story to tell and indeed the DSSB contract for Scotland as a whole enabled I think 870,000 people to get access to superfast broadband. If we hadn't had that £400m programme in the islands actually there would have been virtually no connections at all. So that programme has had a good success, but I guess that the trouble is that this is an area where we only really hear from the people who haven't got internet access. Those who have don't phone me up to say thank you Mr Ewing; very well done sir; what a great chap you are. It's the other way round I'm afraid and that's the way politics is. So that ambassadorial role is something that I think would be of use. We've had great co-operation I think from councils and we've had this discussion before. The speed at which you've been processing these matters has been excellent. Permitted development rights is a part of our mobile action plan, which was the first in the UK and really, cheaper, simpler, faster, are the 3 underlying forces behind the mobile action plan. We've got great relationships with the mobile network operators. We want them to think Scotland's the best place to invest and we've done a lot of work trying to get that mindset. We're piloting rates relief for at least the National Park. We would like to extend that. So that's work in progress. We're working with you on that, but the £25m investment, I think in conclusion will allow us to visibly be seen to be making progress and I've always thought that that the Highlands and Islands has been a sort of digital Cinderella, so my job I guess is to get Cinders to the ball. So thank you.

**John Swinney:** Thank you very much Fergus. A lot of welcome progress on this item, but its significance cannot be understated. Ok: James:

**James:** I just want to say thank you very much Mr Ewing for what's been delivered so far. That's excellent to hear that you're announcing today that the £25m is going to go to the not-spots. I just want to start with 4G and I'll come back on to the broadband rollout. We do know that there's going to be an edge where we're not going to be able to get fibre to every premises from what's been said today, so we're needing to work in that whole space together. You will be aware in the announcement that we've got 2 projects from the DCMS at the weekend for 5G trials and we're delighted to be chosen as one of those areas. I'm interested to know how that project can be joined with your £25m, in being able to deliver something so that there's access for more people, but the real thing I wanted to do in this whole programme between all of us is to say our most vulnerable further remotest places will be last in the queue again, and we do know that we can deliver by wireless system. They can deliver 30 megabits easily they tell us. We recently had a letter from someone offering to cover the whole of Orkney for a million pounds. A great deal. We want to continue with the programme because we know fibre's going to be the future in the long term, but we've got children who are now being bullied because digitally they're not up to speed when they come from the islands to the main schools. That's unacceptable to us. So what we want to know is, we're delighted with the programme but we know it's going to be quite a while to deliver, can we find support from the government with interim measures, because we know at the end of the programme there's still going to be needed a little bit right on the edge. How do we secure that? We've got to remember the bit on the edge is got to be big enough for whoever provides it that there's a business benefit. So I'm really interested to know how we get into this space together with the Scottish Government. I was on the radio this morning at home recorded to say I would be bringing this subject up, but the other announcement about the 5G is great. I've just come from the DCMS and the Scottish Government I believe can play into this equally well and we can get faster quicker solutions to the places like Papa Westray, where they get half a meg at the moment and when they're all on in the evening they get nothing at all. We need to be able to make sure that that these places aren't left for years, because

we're speaking about 4 years plus to get them connected. So, just looking for government support on that.

**John Swinney:** Margaret:

**Margaret:** Thank you. Following on from what James said it's the same but slightly different. You're right Fergus; you know how to get things done. I see it. I witnessed it in Lochaber. You get the right people round the table and they all go away with a job and they come back and they report before too long on whether or not they've done it. We need to do the same with digital. You've got a key part in this because of all the procurement stuff. I've not seen and don't know about the geographical analysis. We need to know this because we need to know what gaps are going to have to be filled, and where we can't put money, and then in 2 years' time say oh wait a minute we were wanting to put fibre through there. We need to work more closely together on this, because we've got opportunities. The mobile coverage has improved, there's no doubt about it and we need now to plan together to get to the wire. With those £25m that's really helpful and now we need to plan together as I say to get us to the wire. It's the same with broadband. We have money in the City Region Deal, and we need to spend that money in the Highland Region and we're hesitating because we don't know what your geographical analysis is going to give us around procurement. So we need to get closer to this so that we can plan what we're going to do to fill those gaps, or to bring stuff forward. There are several small operators around wireless in the Highlands at the moment and they could be encouraged, and we need to talk about how we do that. Frankly I think we need a task force between government and HIE and the council in Highland to actually say how do we get there, and let's not trip over ourselves and waste public money. We don't want to do that, but people are taking it into their own hands and that's going to lead us to a murky situation. People are actually doing fibre to premises because BT is offering 50% grants to deliver that, which is what we would all dream of, but many of us are making do with wireless and it's fine; maybe it's an interim measure; maybe the guys that are delivering it to me might go out of business in 2 years' time, but I would like to see some support come into help them keep going and to become more professional because they're going to do bits around the edges, where no-one else is going to reach. Some of them are very good, but they'll come and they'll go because they're not being supported to a

great extent. I know Charlotte's got one of them that's account managed now, which is fine and they're the most professional of the lot, but we should be fanning that flame across the Highlands, because it starts to crop up like mushrooms in the most unexpected of places. So what I would say Fergus from our point of view is I think we're starting to make great strides. I think the 5G coming through is going to be massively important for our colleges and UHI. You get the success of something like North Coast 500. It's been phenomenal, but they can't get the mobile and the broadband in quite a lot of the North Coast 500. So we want to try and make it so that we haven't got to wait another 3 years just before it gets there, so that some of the energy that's there at the moment can fill in, but we need to know where we can fill in and safely go and not sort of trip you up as you come along shortly after. So I think we need that concentration and the way to do it is to sit down and work together with clear outcomes coming. Thank you.

Thanks Deputy First Minister. In the Greater Shetland we have 2 businesses BP and Total, which require complete resilience and the way in which we deliver for them that was that ship and telecom delivered one fibre and BT delivered the other fibre. Whilst I accept that I want the community at large to have connectivity I think you have to remember that the business community in the remote areas do need resilience, and if you look at Shetland in particular with a long strip there's no way of back feeding the way or the other and we have business needs. If you go to the very top of Shetland with the MOD you need resilience and so one of the big issues for us is, and whatever system is obtained, is we need that resilience and that has to be provided one way or another.

**Norman:** Thank you Deputy First Minister and thanks again to the Cabinet Secretary and to yourself in relation to the strides we've taken in the last 2 years since we invited BT and all the other potential protagonists. I think it was in Moray, where I think all of us felt that there was then an opportunity being presented. I think that is in large part due to the progress that has been made over the last couple of years, and as has been said there is still some distance to go. I think we should absolutely stand behind the Government putting pressure on the UK Government to increase the percentage from 3% up to the 25% previously, because that would make a significant difference in some cases. The other thing I think we should be doing with the UK Government is putting pressure on them. Where they're building masts

exclusively for emergency service use that should not be the case. It is really frustrating where you have a community that's seen over a period of months work being done; cables being run to a mast power cable and then being told they're not going to get 4G and that's just a ridiculous position to be in, when most of the costs are associated with the basic infrastructure, rather than the actual equipment that delivers the 4G. So I think these 2 strands are things that we would hope everybody would continue to press the UK Government on. In relation to what will inevitably be recognised as not-spots regardless of how far we go with this in terms of fibre to premises, we don't want to be outliers either because once you're an outside outlier in relation to that it means that if anything goes wrong with the network it's going to take much longer to fix it and we've already seen evidence of that too with mobile coverage. Sometimes it takes a month to fix a mast, and that is because you're an outlier. We need to make sure that whatever is done is going to be embedded in the fibre system that is created across the UK with Government support, who have the ultimate responsibility to deliver that and the significant intervention of the Scottish Government to make sure that they hold to their commitments and the Scottish Government's commitment to deal with the not-spots. I don't think it should be entirely up to the Scottish Government to deal with not-spots, but we certainly welcome the fact that it's happening. These are the points that I think from our communities we need to focus on. There is a huge expectation out there and it will deliver for both commercial and for domestic users as well. I think once we've done that I think the discussion that we're having as opposed to the discussion earlier on is that connectivity is still hugely important, but there is a recognition that we are well on the way to resolving most if not all of these issues.

**John Swinney:** Thanks Norman. Let me make a number of comments just to follow a few things that have been said. First of all let me pick up the issue of outlier and how difficult it is to resolve some issues. As many of you will know I holiday in the summer on Tiree and I went there last summer and the first day I had absolutely no mobile phone coverage and I normally have, so I'm fine when I stay there. I happened to speak to somebody who said oh that network's been down for weeks and they had no ability to get it fixed, so I had broadband coverage in the house I was staying in; sent an email to my office saying get on to O2 and tell them the Deputy First Minister is on Tiree and it needs to get fixed, because I need to be in

contact with you guys. It was fixed within 3 hours. That's appalling but my point is to reinforce Norman's point that it is appalling customer service, for that having to be tolerated by people and for it to be readily resolved within a matter of hours. It's just appalling. That brings me on to the second point which is the emergency mast programme. I was very troubled by what Norman was saying about communities not being able to access the emergency mast programme. One of the conditions of contract that the Scottish Government entered into with the Home Office was that if the emergency services need the access to the mast then they need the access and of course everyone accepts that but where they do not, which will be the case for the vast majority of the time there should be opportunities for connectivity for local residents, and I've certainly seen examples within my own constituency where that is now happening, but I certainly would want to be reassured that this is not the case because that was an express requirement of our funding contribution towards this network, that the network would be available for a wider pool of individuals than for just the emergency services where they did not require it. The third point is about the challenge of this programme and I think some of the conversation today has highlighted this. This is a moving feast and we've reached a point where we're now saying that's what we're putting out to tender for R100 down individual post codes. The difficulty with that is that things happen along the way like commercial propositions that suddenly eat into some of those areas. There's a venture in my constituency where people have been working on a project which involves about 400 households and it's a community based broadband initiative and they're absolutely just about getting to the races and along comes a commercial provider and offers to do 200 of them today, and that's the project killed because the other 200 are in the more far-flung area and the 200 easy to reach ones get their broadband. Why wouldn't you go for it? Of course you're going to go for it, but it kills the whole project because of fiscal sustainability. That's an illustration of I think some of the challenges in the tendering exercise that we're now at, and it deals with some of the points that Margaret was raising about us all needing to be on a common agenda. We all know what we're trying to achieve. We're trying to get 30 megabits per second to every property by the most reliable mechanism possible, but in so doing there's a number of moving parts that sometimes make that quite difficult to get a handle on, although the tender process is now at an advanced stage to try to give us a chance of doing that. The final point I would make is around about

the whole cost of it and Fergus has made the point about relative contributions towards this towards this. I simply make the point to colleagues around the table the more the Scottish Government's got to put into this project the less money is available for schools, Margaret because this is eating up a large part of our capital budget and there's not another capital budget that we can go to. It's a big element of our capital budget that has been consumed by this. So the more we can get a greater contribution the greater the resources will be available for other aspects of our capital budget. So Fergus can give some further reflection to these points. Any other comments on broadband? Colin, do you want to say something?

**Colin:** Yes please.

**John Swinney:** Colin.

**Colin Cook:** Colin Cook from the Scottish Government. There are a number of points that have come out and I'll try if I can to reflect on some of them. The first one: the need for greater integration of the various programmes and initiatives, I think that is clear and from a working level we will do everything we can as officials to make that happen. The rollout of R100 is critical to this whole process because as you identified it defines where the most resilient future-proof network is going to be. There are 2 critical dates there that I think will allow us to really give us the sense of where we will be going. The first actually is the next couple of days where we're sorting out the overlap between the new R100 programme and the additional sites that we're delivering as a result of the success of superfast broadband. So that's the initial key date. The second key date is as Mr Ewing said is towards the end of this year when we will have completed the competitive dialogue with I hope a number of different organisations and selected people to go further faster, and it's there when we will be able to be finally confident about any areas that aren't going to get covered with fibre. I don't think we want to overestimate that at the moment. I think that would be a mistake. We're very much throughout the competitive dialogue driving to get coverage as far as we can with the money that's available. The issues you raised about the different types of programme, I think that's also something that we do agree and will work on. The introductory remark that Mr Ewing gave talked about specifying areas within R100 where fibre will have to go where there will have to be a gigabit level of connectivity. and that is all about putting wireless providers in

a better position going forward to deliver their services and we specify areas where if you just took a premises view on where fibre should go out wouldn't necessarily take fibre but if you take a wider view which is about using that as the branch if you like on which to put the fibre fruit then you would go there. So I think we've tried to deal with that within R100. There are also things that we can do in the interim although there are, and I've had a conversation with Margaret before, but she doesn't like me to use the words state aid and I won't, we are at the very sort of edges of our state aid compliance, and that does cause us problems putting additional money into some of the more interim schemes, but there are things like BT's connectivity build or community build programmes which have some issues for us. We have got the better broadband voucher scheme. There is an opportunity potentially to increase that or extend that into 2018 and 2019. So there are things that we can do in the interim. We're going to have to work on that I think together. The emergency services is really interesting me. There is no UK Government overarching plan to use the emergency services network contract to extend coverage to domestic premises. In many cases it is possible, and we do work with the Home office we have made good progress there. There are some masts that the backhaul comes through satellite rather than through fibre, and in those cases it's very difficult to sustain a commercial operation on the back of it, and that's where it becomes problematic, but in the main we have a good relationship with the Home Office and with the mobile infrastructure providers and we are very keen to promote that if we can.

**John Swinney:** Who wants to? Alistair:

**Alistair:** Thanks Deputy First Minister. One of the villages in my ward has just had BT in and they've actually fitted fibre to the premises. BT laid the fibre along the road and they gave the requisite length of fibre to the properties and told them to dig them into your own house and then they came and connected it up. I think they got 300 megabits to the premises. They're now enjoying BT TV and BT Sport and everything else, and I think it's not an expensive thing because fibre in itself is not expensive and I think it should be encouraged far more because BT do these sort of things.

**Colin Cook:** Just to follow up on that point, I've recently met with the Cairngorm National Park, I had some individuals approach me complaining that they had approached, I'm not sure if it was BT or Open Reach, and said to them look you're going past the road end with the fibre. We'll dig the track if you'll put it in for us. They refused.

**Margaret:** I'll speak to Fergus and Charlotte and Lorne about doing a sort of Highland Task Force, so we're all on the same page, because the level of need in the community it just grows. Last summer, looking at the tourist industry, really sort of brought it home to me with huge force, but remember we've also got the Swan Network out there around every school and every public building in Highland and we've got a network, and there was hope that we might be able to use that for backhaul, because almost every small village in Highland has got a school. So is that not possible? Is there not something we can be doing with that instead of waiting for BT to arrive one day?

**Colin Cook:** Yes, I think we haven't made best use of the Swan Network and I think there is more we can do. We can better use it for other forms of connectivity around the internet things for example, where I think it actually is going to be potentially significant. Perhaps we can pick up any specific examples of villages that are in that position with a Swan connection and no access to the fibre network.

**John Swinney:** I think partly what underlies your point Margaret may well be that people don't actually know what's coming, where we might think that it's crystal-clear that there is a Reaching 100 commitment and the government's procured that and it was in the manifesto and it's in the Programme for Government and all the rest of it, but that will not really be particularly persuasive to an individual, if they're going on to these websites saying when will I get broadband and it says well not any time soon, and of course the danger is that people could leap ahead and say well there's nothing coming my way so I'm going to get some sort of fix and they get locked into something which is not ideal for them. So I think there is an issue to be addressed about how we can better advise people about what is coming, because certainly when I have a conversation with constituents, in remote parts of my constituency of which there are many, who are not served well by broadband, and explain to them what the plan is, they might not be that happy that they've got to wait maybe

2-3 years for it to come, but the fact that it's news to them that it was coming in any shape or form and I think that's quite a big issue. We've got to try to encounter there. Fergus can talk about how we draw these strands together, because he's got his hands very close to this issue, but any other comments before I go to Fergus? Ok Fergus, do you want to close?

**Fergus Ewing:** Thank you everybody for a very helpful and informative discussion about this and I think the comments that Margaret made particularly highlight the need for us to work every more closely, and it struck me that listening to what James, Margaret, Alistair and Norman had to say, that they're all specific issues that you have, but they're different issues, and therefore I think we need to take forward immediately bilaterally. So we will do that bilaterally. The Total resilience; the 5G opportunity James mentioned; the Swan Network; the City Deal that Margaret mentioned and the practicalities Norman mentioned when getting repairs done. That probably will affect everybody, because you need qualified engineers to do the work. This is a very practical issue. So I think working together, I think there should be kind of 2 strands to this. The first one, Colin and Gareth is here as well, and their team needs to work very closely with HIE, because we know that Stuart Robertson really has got an absolute total grasp. So HIE and the Scottish Government themselves need to work together and I don't think we're quite there yet, but there's a will to find the best way to do that ,but we also need to engage more deeply I think with local authorities. So I think the first step is a series of discussions between officials and I will be involved with that if that's helpful. Actually there's probably a series of practical things. The second stage, is there a need for some sort of task force? There could be. I think what we should do is in the bilateral discussions to explore how best we need to work together. After all, we have all got lots of meetings. I don't want to have one for the sake of it, but I think this basically falls into 2 periods of time. One is before the outcome of the tender, when we don't know who the contractor is going to be, and the other is after we do know who the contractor is going to be, then there is going to be a need for very close engagement with the contractor to find out what the contractor is doing in each area and when and the timetable will be set out then. There is a kind of assumption that everybody assumes that they're going to be in 2021. Well the work will start in 2019. Some people will be first and some people will not be first, but things will move fairly

quickly. I would make one point about small companies in this field. This is not really a field where you can readily place contracts with small contractors. You do really need companies of substance to take on the responsibility. Sadly we have seen some casualties in this field and when there's a casualty there's a whole series of problems which need to be mopped up and picked up by somebody else. I just make that point in passing and it's not meant to be an adverse reflection on small business. I just think it's the nature of the beast. I wanted to cover firstly working together. So we'll work together individually, but I think we need to give thought to whether a task force or whether some other form of engagement is necessary. I do think that Margaret's point is basically correct. There needs to be some form of engagement, either perhaps in the summer or early autumn, once we have a chance to work through individual issues. The second point I wanted to make was just to take this forward. I think Norman mentioned COHI to be used as a tool to put pressure on third parties and we did so quite effectively before in Moray. I think the next meeting George is in Moray so I understand in around 6 months 'time. So my feeling is that it might be useful to have a discussion with some others and perhaps consider it if this is agreeable to our local authority partners to invite possibly a UK Government Minister to come along, because this is a shared responsibility and I hope that there can be a bit more constructiveness and perhaps a bit less noise in this relationship myself, but if we were to invite Mr Hancock along for example to the next COHI meeting you would have the chance to discuss this directly and hopefully in a way which may help us and secondly Sharon White the chief executive of Ofcom. We've had Ofcom before, but Sharon hasn't been able to come, but I do know that she is very, very interested in this and I'm sure she would love the chance to come to Morayshire. So I thought that it might be useful to use COHI as a means of exerting further pressure on everyone and in the interim step I think there was support, I think round the table, for a sort of moderately worded letter to the UK Government, to ask if they can work with us in order to review the level of contribution. I have to say that pressure of this sort in a moderate fashion based on very detailed reasoned argument has had effect before. Angus will well remember the eventual securing of an undertaking from the previous Prime Minister on island connection, which arose from the work that we did. I could give you other examples but I don't want to go on for ever. So, if that's agreeable and we do this in a moderate worded way, then I think at the very least it can't do any harm and at best

it could actually help us do some good and help us divert more money to your schools Margaret, which of course is a very high priority for us all. I think that has been a very useful discussion. I'm very grateful to Colin and Gareth for the work that they're doing but I do want us to work very closely with HIE on this, because their expertise is absolutely recognised. We do really need to work more closely with local authority partners and friends.

**John Swinney:** Alistair.

**Alistair:** Thanks Deputy First Minister. Coupled with the previous item, housing post 2021, I think probably in 2019 you will want to contact us all. We should actually start looking on what is required for 2021. So I think next year you need to start that discussion where digital will go on 2021 and beyond.

**John Swinney:** You're absolutely right. It's such a fast moving endeavour, but the point's also not lost on me which HIE have made through this gathering on many occasions in the past, which is that we do spend a vast amount of our time concentrating on connectivity and not as much time on what will we use the connectivity for, because when we start the conversation about what we use the connectivity for, you then open up a whole range of different economic opportunities and ways of working that then help us to tackle some of the deeper issues that we wrestle with here at COHI around depopulation, economic opportunity, access to learning and various other issues that are associated with that, so I think it is important to have that kind of wider perspective on what is the point of all of this, because it's so significant to their workings of the area. Any other last comments and responses on what Fergus has been saying? Ok. Thank you. That has been a very helpful discussion. I would pause here to say that the digital programme has been a very significant example of our agenda within this organisation over a number of years, and specifically the ability of us to marshal combined political and organisational progress on achieving these objectives, it has been very significant in getting us to where we have been able to get to, so I think in terms of looking at what we have achieved out of COHI, I think this is a very good example of what is possible to be achieved as a consequence of our collaborative working. So thank you for that. We're now going to break for lunch next door. I understand that the Transport Minister Humza Yousaf, who is here, is having a discussion with a select

elite group within COHI, no doubt it probably involves ferry conversations I would imagine if I was guessing, so those of you who are involved in that if you want to have any pleasure at that meeting you should take some food with you to the discussion. We'll reconvene at 1.15. I should say for the item at 1.15 we will be joined by Duncan Mackinson who's here from the GFG Alliance at Lochaber and Duncan you're very welcome here today and we look forward to hearing your contribution along with our colleagues from HIE and Highland Council on what is a really enormous economic opportunity for Lochaber. So you're very welcome and we look forward to hearing from you later. So we'll reconvene at 1.15. Thank you.

**Fergus Ewing:** The Deputy First Minister is off to visit a local school so he will join us in a short while and I think if we can just get started as time is marching on. So this item on the agenda is the presentation on the excellent progress that's been made at Fort William by the GFG Alliance, and just before inviting Duncan Mackinson to speak I wanted to say that the company's plans for a new alloy wheels plant and other very, very considerable downstream activity does represent one of the biggest investments in the Highlands in recent years. That's what it says in my note here. In fact I don't know if there has ever been a larger investment in the Highlands. I think the scale is £125m thus far. The alloy wheels factory alone is estimated as supporting up to 400 new jobs within the area. From the very start the Scottish Government has worked alongside all other public bodies represented in this room and the approach has sought to be a Team Scotland approach and that's what it has been. I would like to pay particular credit to the work of the Highland Council in securing planning permission, where the application was submitted in November and it was granted in January. For a scale and development of this size this is a real tribute to Malcolm MacLeod, Stuart Black, Tim Stott and all the staff who I know were working around the clock on this. The other thing I would say is that there has been a Lochaber Delivery Group which has its fourth meeting on Friday where all the public sector players meet together and the reason why we've had that is because there are so many things happening that we needed to meet together to be sure that we were co-ordinating a swift public sector response on a myriad of aspects, and thus far I think things have gone reasonably well. So in a moment I'll pass to Duncan and after that I would invite in the first instance Charlotte Wright from HIE and then Steve Barron from Highland Council to

contribute, but it's a real pleasure to invite Duncan Mackinson to set out the plans, both in respect of the industrial ambition, but also the wider plans for the estate. I think you're one of the largest landowners in Scotland.

**Duncan Mackinson:** Good afternoon ladies and gentlemen. I want to thank you Minister. It's an absolute pleasure to be here. I'll try and keep the post-lunch slot as fizzy as I can do to keep things bouncing along. So I've got quite a few pictures. So before I plough on that really I've been involved in lots of public private partnerships over the years in many different types of projects and programmes. This one is on an eye watering scale and requires a level of organisation and preparedness which I've not really come across before. So what we're trying to do I think this afternoon is just give you a feeling of how we've organised ourselves and how things are going. First of all a little bit about GFG itself. GFG is an alliance; it stands for the Gupta Family Group. It's a British based organisation which is run by a chap called Sanjeev Gupta, and it is really an organisation which is brought together by a common industrial strategy, which brings together a number of different industry activities. These include mining, energy, metals production and property, and to deliver that it's organised into a number of different divisions, and the division that I'm from is the property arm, which is called Jahama. My job title is Chief Executive, Jahama Highland Estates, but I talk really on behalf of the whole group. It's important to understand that group because in the context of Lochaber it really does translate into what's going on the ground and on the land. So the area that we're talking about is the area related to the aluminium smelters that are still in Fort William, and the one that used to be in Kinlochleven, which still generates power and the amazing hydropower scheme which was built back in the 30's, which is still going strong and provides a sustainable local source of energy at a price that fits our business model. So for us owning the land, being able to generate energy on the land, being able to translate that energy into producing metals and then using those metals still in liquid form to produce products is fundamentally part of what we do. So when we talk about things like energy production we're talking about those from the point of view of an organisation that actually produces the power itself and has the expertise in-house to do that. We are an organisation which tries to embrace new and innovative approaches, and if you like, defy the zeitgeist at the moment around metals and steels industries, which I think is still widely viewed as sunset

industries in many respects. We absolutely don't view that as a sunset industry. We think there is a way to breathe life back into these activities through the way that we're organised and we're absolutely determined to do that. So as I say this slide really just shows a range of things that we're involved with. As Mr Ewing referred to the land that we now own in Lochaber, 115,000 acres, I think makes us the fifth largest landowner in the UK. I don't know where we would sit amongst other industrial landowners but we would have to be right up there. Globally: we're spread across some 200 locations around the world. In Lochaber we run the only aluminium smelter that's still going strong in the UK. It came very, very close to not being going a couple of years ago. So whilst we're talking about looking forward and amazing projects, I think the fact that that smelter is still going strong and has a positive outlook and a future is absolutely amazing. It's something that we're very proud of. Since we first became involved in this project GFG has also acquired an aluminium smelter in France and that really reinforces that position, because it means that we have a group of people at another smelter in another part of Europe who have expertise, and that means that the people in Lochaber who work for us on that project are part of that broader group of expertise. We also have operations across the rest of the world in Australia and the USA to name but a few. Also more recently we've also as part of this holistic approach made a couple of acquisitions, most notably in Scottish terms we've bought a hydro renewables business called Green Highland Renewables, who've been active in the area beforehand and they're now part of our team, and we've also gone through a reverse takeover I guess it is technically with an organisation called Atlantis, who are a Scottish based tidal energy company. We see both those acquisitions as key to our ability to translate the land based energy opportunities that we have into energy that we can use to produce metals and make things. So this strategy that links it all together, this kind of virtuous circle, that sits at the heart of the business really is everything that we do and we believe that the future of metals and metals production in the UK and globally needs to be led by people who take responsibility for generating their own power, and we choose to use renewable power. So simply put, in Scotland and across the UK, we would like to consume an amount of power which is equal to the amount of power we generate and we would like that what we generate to be renewable, and we see it as our responsibility to generate that power, not just because it's a nice idea environmentally, but because that actually gives us the opportunity to buy

power from ourselves at a rate which enables us to produce metals and products at the right price. We choose, and I'll go into this in a bit more detail in Lochaber, to wherever possible site the manufacture of products which are produced from the metal that we produce alongside each other, and there's a good reason for that. So for example, in Lochaber for the alloy wheels factory, which I'll take a little bit about in a moment, it is important from an energy consumption perspective to be able to take molten metal out of the smelter and move it while it's still molten into a factory, where you can then create wheels from it. If you don't do that, if you do what takes place at the moment, you put it into aluminium ingots then those aluminium ingots cool, they then get put on transport; they then get taken a vast distance and then someone else has to buy an incredible amount of energy to melt them back down again to turn them into products. So if you can actually do all that on site and your site is where you're producing the energy then it enables you to really compress the value chain, to use a kind of hackneyed business phrase, and make a much stronger proposition, then that really is what we're all about. So let me just focus people's attention in on the area. The landholding really is 2 particular areas which you will see on the map in front of you, which is a wee bit distant actually I suspect for most of you to see, but it's basically an area which if you can visualise driving up Glencoe, just as you get to the northern end of Glencoe if you looked up to your right, just before you get to the path of Glencoe, then that is about our western border. There's then a massive piece of land some 70,000 acres, which wraps itself around the south there which touches Kinlochleven, touches the Black Water Dam and then goes up past Loch Treig and loops all the way round to Spean Bridge. That is the western site and then at the other end of the estate starting around the area of – if you travel east around the A85 and go to Laggan Dam, the land starts just to the east of that and there's about 35,000 acres just over the hill in Glenshirra which is the route of the old Wades Road that follows the Corrieyairack Path over the hill and down into Fort Augustus. It is a truly, as you know better than I, stunning area and I feel absolutely privileged to be responsible for that area that includes so many amazing sites, not least many Munro mountains. So that is the footprint. From our perspective that is what's used to produce the power. As I say on that land is the infrastructure that is still going strong. Some of its a little bit creaky but it's still going strong from the 1930's when armies of labourers created these amazing tunnels and dams which still stand today. So the photograph in the middle there is the

Laggan Dam, the one on the top right is the dam up at Glenshirra which is the Spey Dam and this interesting graphic at the bottom shows the route of the tunnel. So basically the infrastructure links a series of lochs and watercourses by manmade tunnels. Until relatively recently, until the early 90's, the tunnel that went from Loch Treig to the top of the hill above Lochaber, which I think is 24km, was still the largest manmade tunnel in the world. It was relatively recently surpassed but these things at their time were absolutely stunning and as I say they still function. That is at the heart of what's been acquired and what we're now responsible for. So alongside that on the land is a very large estate. The estate consisted of what was formerly 3 estates before the 30's: Mamore, Kilihaunant and Glenshirra, and that estate is in a pretty run down condition. There are a lot of properties in it, some of which have a proud history and they've really been in need of maintenance for far too long. Part of what we see as our responsibility is to try and breathe some life back into some of these proud old buildings. They range from hunting lodges such as Mamore Lodge, which is the picture up there on the top left, where in 1909 the King went stalking as a guest of the Bibbie family through to all sorts of sheds and outbuildings and the other lodge that's there is Glenshirra Lodge. There is some sporting activity that takes place on the estate. There's a huge amount of deer stalking that takes place and we would really like to now breathe life back into a whole range of activities that take place on the estate, because as I say we see that as being a platform on which industrial activities rely and we want that to speak positively about us. So, just to focus on the programme of activities. So what's taking place is that the smelter was acquired at the end of 2016 and there are a number of projects which are running concurrently there and they all rely on each other. First of all we are going to build an alloy wheels factory, which at its peak will produce 2 million alloy wheels, which is 20% of the UK's requirement for alloy wheels. There are no alloy wheel manufacturers in the UK at the moment, so if you're a UK based vehicle manufacturer and you want to get your wheels you have to import them and be exposed to everything that that brings with it in terms of Brexit. We also are going to create a research and design centre, which I'll come on to in more detail, and to support the factory we will need to recruit some 400 people. Those will be good quality engineering jobs. The majority of those people will require to move into the area so we need to be able to provide housing for them. I wasn't here at the first session but I understand that spoke about housing. So one of

the things which I think is at the top of our list is to create an environment that attracts people into the area. I think we have the component elements of that to offer people both work and an amazing lifestyle and a quality of environment which is second to none, but housing I think in reality will be our shop window for doing that, and I'll come on to that in a bit more detail. We're also at the preplanning stage for a wind farm, which would be a large wind farm on the Glenshirra Estate to the east, and that has the potential to produce up to 170 megawatts, which we can consume at the factory. If we don't consume it at the factory and at the smelter then we can put it into the grid and take it out at Dalziel and Clyde Bridge plants closer to home, where we are just now. Last but not least, the final leg of the programme is around estate development and community engagement, because that's what people see on the ground. So to pull all that together means that we really need quite a systemic approach to not only how we deal with questions like transport, schools and health care and work with Highlands and Islands Enterprise and also the Highland Council, but we also have to work with other partner organisations in the public sector such as SEPA and SNH where we are having to manage a number of large scale projects, and one of the things I am trying to really encourage is thinking at a higher and more strategic level. So for example for things like peat land restoration, I think the new factory will excavate about 60,000 cubic meters of peat. In any other construction scenario you would be looking at a relatively confined area to handle that peat or undertake compensatory or restoration activities. I think the opportunity that we have is that vast landholding gives this opportunity to take that obligation and perhaps do it on a different scale and at a different level. So with that complexity the question really was how do we organise ourselves? We've chosen to take a relatively formal programme management approach. In my experience in similar projects in the past you need to get yourself organised; you need to be very clear about what the vision is and what the objective is and then have discipline in how you are creating the various different work streams and that you ensure that those work streams talk to each other. So we've actually appointed a partner, who for us is a property company Jones Lang LaSalle, like myself and then leading on the programme reporting element for us using a software tool which is being populated with data at the moment. There are many examples where we as an organisation could have projects running in parallel that could all be talking to public sector agencies, but we might not join the dots up on all of them. So the aim of the

programme structure is to try and prevent parallel working and actually have activities which inform each other. So, a little bit more detail about some of the specific projects. So the wheels plant: fantastically planning was granted at the end of January which is terrific news that was done at an amazing pace. There are 29 conditions that have come out of the planning consent, but we've got through that first big hurdle which was absolutely fantastic. We really do appreciate the support that we've had from this room and beyond to enable this to happen. As I said earlier on at peak production the factory will generate 2 million wheels per annum. It will take a few years to get up to that level. Those wheels will then be distributed around the UK by vehicle. Even at peak production that will probably put 7-8 additional articulated lorries on the road each year. So I think in terms of transport challenges in and around the factory it's more likely to be to do with commuting traffic than it is to do with shipping the wheels out and as I said earlier on that will create about 400 direct jobs and we expect the vast majority of those to have to be attracted from outside the area. The timings for that: work is just starting on some of the preparatory work for offices and those sort of things on site at the moment, but the target is that that wheels factory will open in 2020 which is pretty close. In terms of housing, to get to a level of 300-400 houses we are going to have to follow a number of different routes. The phrase that I'm using is: to create a model village. I think we will have to create some kind of model village or environment which will probably have 30-40 units on it relatively quickly, and I'm talking to colleagues in the Highland Council about how we might need to do that where they've already got consented sites. After that I think we will be looking at a number of different sites. Some of those sites could be owned, on land which we already own, or some of those sites might be on land which is owned by a third party. At the moment we are looking at the detail of that housing in terms of what's the sort of design; what's the environmental footprint going to be; and what's the digital footprint going to be and what's the environment that we want to create. As I say it needs to be an attractive environment for people to move into. Also, because of the scale of the construction work that's taking place we also have to have to look in the near term at more short term accommodation. Many of you will know that getting hotel accommodation in Lochaber and Fort William during the summer season is very, very difficult, so we have to look at innovative options for how we might be able to convert some of the properties that we've got at the moment to be used by some of our staff. We're also

looking at hotel options and talking to a number of hotel property type holiday accommodation chains about how they could possibly work with us to convert some of the estate houses that we have and put them to that use. There are also some interesting options coming along as well. This week I was having a conversation with Scottish Canals who were looking at ideas like possibly having a floating hotel on Loch Ness, which I think chimes with something that was said earlier on and I think those are the sorts of ideas that realistically we need to start looking at fairly soon. The quality of the housing offer for me in my mind is the most fundamental bit to getting people into the area. It is I think going to be relatively straightforward to get people interested, but to get them actually commit and move their families into the area and stay there we're going to have to have both a very compelling housing offer but we're also going to have to have an accessible way for them to purchase those houses, whether it's through a kind of rent to buy type model; whether we go with a job and a plot type model where we give someone a piece of land and they get the opportunity to buy that and build on it, or whether we do something more imaginative. We are going to have to kind of own the front end of that to enable people to transition into the area as easily as possible. So we're getting to the stage now where we're getting into design, if you can see it, and some of you might be familiar with, this is the main entrance route into the smelter in Fort William. You can see the pipes in the hydro scheme that come down the hill into the power house at the back, and just on the left there is where we're hoping to put the research and development centre. There's 2 railway lines there that some of you will be familiar with. The one on the right is the railway line that currently brings in the oxide and the alumina which goes into the smelter, and the one at the bottom there is the original puggy line which connects the jetty from the seafront, or used to connect the jetty from the seafront in Fort William all the way through to the smelter, and was actually used to build a lot of the infrastructure. The interesting thing for me on this project is how much of that infrastructure, if it was still in place, would have been really useful today, because what we're trying to create isn't that different. The other thing that I'm finding very, very satisfying is the warmth and enthusiasm that people have, in particular what British Aluminium used to do, and they are very open to the idea of this re-industrialisation, if you like, that's taking place. This graphic here shows the footprint for the alloy wheels factory. That alloy wheels factory will sit on the site where previously the smelter works actually sat, so it is a brown field site and I think

it's particularly of interest that obviously the large hill that you can see on the left is the lowest slopes of Ben Nevis, and to have an industrial site like that in that kind of location has got to be fairly slopes of unique in UK terms but it's something that's been there for many years in one way or another. I mentioned briefly that there was a wind farm that we're looking to do. That would be at the eastern end of the patch, which potentially through 40 turbines would create 170 megawatts of power, which could be consumed at the smelter and at the factory. That is at an early preplanning stage. So that's really a kind of summary of the projects and where we are. Just to dwell on the last couple of slides in terms of estate management. As I say we would see ourselves as an industrial operator that takes a great deal of interest in estate management. We would not see ourselves as a typical estate or landowner, but we want to do the right thing for the estate and the people that live and work on it. I have already commissioned full structural surveys of all the buildings that we have on the estate. These condition surveys are now taking place and they basically give me an idea of what the bill is going to be to try and re-commission these places and the scale of risk to re-commission some of these places. Marmore Lodge is the building that's there on the right. We have already undertaken works that are taking place at two of the lodges: Kilihaunant Lodge and at Marmore Lodge we're talking to a number of potential partners, hotel operators or holiday accommodation operators who are interested in investing in and running those sites, but those in themselves will be major projects. In terms of the estate staff, the staff that work on the estate, there is about 25 people that work across all the various different locations reporting to me. Historically they were reporting into third party land agents. We're in the process of moving that across so that they work directly for us. We feel that's very important. We feel as though they should be part of our team and we feel that people that work on the estate should benefit from the broader scale and activities in terms of apprenticeships, training and those sorts of operations that people in the smelter have and we've just going through that process at the moment. I've had to do quite a detailed review of terms and conditions to enable that to happen. In terms of hydros we're looking at 4-5 additional hydros. Some of these have been looked at in the past and are relatively small scale. One down towards Kinlochleven at Narrach Bridge, passed through planning a week or two ago, which is great news, and there are potentially 3-4 other ones. I'll be honest, hydros and renewable energy generation obviously isn't everybody's cup of tea, but they do work for us. We

need the energy and we want to produce renewable energy, and our line in the community is that there is a benefit that's coming from those activities locally in terms of creating employment. So please see them in that context. We've also got some ongoing discussions about a potential community land transfer at the Spey Dam, which is at the eastern end. I think we've been the first landowner in many a year who's actually gone along and spoken directly to organisations like the Spey Fisheries Board, who have had concerns about the dam and again our approach is to kind of take these things head on and go in and have the discussions and find a way. We brokered a way through, that with SEPA now taking a leading role, which I'm really positive about in terms of how the dam is used in relation to the passage of fish up the river, and then last but not least we have commissioned a piece of work which will deliver a website in a couple of months' time which will I think rediscover some of the identity of these amazing old estates, and let people see what we're up to and get some access. One of things that I think we probably need to do more of and really link with colleagues in HIE and the council on, is there are many activities that can take place on the land which are relatively easy for us to say yes to. They are sporting type activities, the Mountain Bike World Championships already takes place at Nevis Range. We're now talking to another organisation who are interested in Endurance Mountain biking and potentially hosting the world championships there. There is a mountain marathon organisation that already runs a series of events in the area, and just recently we gave permission for the Scottish Canoe Association to look at running a white water canoeing event, which I'm told will be one of the most challenging in the world through a series of what looked like to me as waterfalls at the top of the River Leven and I just make that point as I think there are things that we can do jointly by us just saying yes, why wouldn't you let that take place here, that will really benefit the broader picture. So I've put a little list together here just in terms of a range of activities which I realise now you probably won't be able to see but let me just pick a few of them out. These are things that I think are simple things for us, which we're trying to do just to get things off to the right foot in the local community. So they range from Soldier's Bridge, which is a bridge which many kids use to get to school from Lochyside and Inverlochty over to the high school, where we've managed to work to get a grant to put a wheelchair accessible ramp at one end. The Nevis Landscaped Partnership, which some of you know is an organisation which takes responsibility for footpaths

and activities like that in the area of Ben Nevis, we have agreed to transfer the leases to them for a number of car parks and a number of bothies. One of the bothies there, Polldubh bothy is adjacent to a world class climbing area, and by transferring that lease to them it doesn't cost us anything but it gives them an opportunity to use it, and there are a range of other things ranging from local kids clubs for biking, potentially creating a kayak operation post-winter to Fort William, and enabling a number of businesses to move into Kinlochleven who are currently located elsewhere. So I'm very conscious of time and I'll just wrap up here. That's some pictures of the one and only holiday let that we have on the estate. I'm hoping over the next couple of years we'll have another sort of 10-11 that look like that. So that was a quick canter through. Thank you very much. Charlotte, over to you.

**Charlotte Wright:** Thank you. I'm the meat in the Lochaber sandwich. So I'm briefly going to start off on the Team Scotland response and Steve Barron from the Highland Council will complete that picture and I think we all understand the track record of Team Scotland in responding in a crisis, to a potential closure, to averting an economic threat, and indeed this could really have been the case in Fort William, and as somebody who's lived in Fort William for over 20 years I wouldn't underestimate what a devastating blow that would be to our community, not only in terms of the jobs, but also the iconic status that the aluminium smelter has for us, and that was averted, let's say by assertive leadership in the person of our Cabinet Secretary and also a real determination from Liberty to acquire this asset. So now the Team Scotland approach is very much about getting the most we can for the region out of this significant investment, which does require a co-ordinated response across the public sector. It's important that we continue to operate in that way. A number of the people on this list are in this room and this list will change over time as we respond to differing requirements. We do recognise that partnership are a key thing to our achievement and we've developed a common approach organising our support around a core set of work streams. The Delivery Group meets regularly, chaired by the Cabinet Secretary, and last Friday was our last one, and a Project Board is in place which is co-chaired between HIE and Highland Council, which is meeting monthly to push progress and push barriers out of the way to maintain momentum. A development on this scale has the potential to stimulate growth and prosperity, but providing the infrastructure can be a challenge. A number of existing constraints have even a challenge to development in the Lochaber area for some

time is key to be resolved there. There is a potential for the town in Fort William and its hinterland to grow very rapidly over the next 3-5 years. We really want to make sure that that is done so on a sustainable and inclusive basis. So work to date has included the planning process which Duncan referred to, with great support from Highland Council and others; commissioning research to inform decision-making; community consultation and engagement. Other aspects are going to be longer term in nature and some of them are quite challenging. I'm just going to mention briefly that there are 5 core areas that have been prioritised by the public sector. I'm going to cover the first two very quickly and Steve Barron will pick up on the other three. These are areas where working together we can make the most practical progress to help the town, the community and the local economy to benefit from the arrival of an inward investment on this scale. It's going to change and adapt as needed over time and it's important that we in the public sector remain responsive and agile to the private sector needs. So moving on to energy: supply of gas will be an imperative to the operation of the wheels factory. Its provision offers considerable additional opportunities for economic and community development across Fort William, including a potential contribution to mitigating the impact of fuel poverty in the town. We're working with local partners including the ability to explore the potential to develop co-pathway port facility just to the west of the town centre as a deep water facility with the capability to bring in not just gas supplies and other raw material but as a key piece of new infrastructure for the region, one we have long spoken about in the town, which has the potential also to reduce traffic volume on the A82 main trunk road. So this module shift could be quite key. An engineering feasibility study has been commissioned and we've actually got the inception meeting on that this week. On the demand side the Scottish Gas Network is lead on a piece of research with input from ourselves and Highland Council to quantify demand for mains gas for domestic and industrial consumers in the area. These 2 pieces of work should be completed over the next 3 months or so, which will give us a clear indication as to whether the scale of demand is sufficient to take that forward. As Duncan mentioned in addition Liberty are progressing the renewable energy developments on their estate. Their focus is on small scale hydro projects at Glenshirra. It is particularly important that that engagement is going on with local communities in the area to explore the options of looking into the community benefits that are derived from those developments. On skills and talent attraction: this is already a priority for the

members of the Convention of the Highlands and Islands here in this room. It's really an absolute critical issue for us in the Highlands and Islands. The creation of around 400 new jobs is very welcome for Fort William and has the potential to transform the town as a place to live and work, but it will have an impact on other employers in the area and we are very sensitive to that risk. In order to maximise the benefits and mitigate the challenges this development will have, we're taking forward a number of strands of work in this particular area. So working with the Chamber of Commerce, that is very important about ensuring that the wider employer is taken into account and our colleagues in the room here in Skills Development Scotland and Highland Council and Talent Scotland are working together to develop a talent attraction plan that will fall in with the national and regional strategies, setting out the distinctive offer for Lochaber as a place to live and work. Alongside the attraction of new skilled workers to the area we will work with those existing employers to develop the recruitment and retention plan and look at other activities with them such as how we can improve productivity levels and wages as a by-product by actually getting the best out of the people you already have, as well as the talent attraction. In promoting the region and the emerging jobs and already existing fantastic lifestyle opportunities, we'll make the best of established networks such as Scotland Development International and Global Scots with their reach into the international communities. There are certainly a number in aluminium smelters around the world who have trained in Lochaber, to reach those skilled workers who may wish to relocate back to the Highlands and to Lochaber in particular. With an eye on the longer term plans here working with the University of the Highlands and Islands and West Highland College on a number of activities. West Highland College are developing a proposal for a stem centre which would be a fantastic addition. Alongside that sits the development through the City Region Deal for the Science Skills Academy in and meeting room. So that's a great Scandinavian style concept, which give school age children real hands-on innovative experience in great facilities in those technologies and this facility will support and develop a steady stream of technically qualified individuals in the local labour market ,supporting the growth of business across the area. So not only the focus for West Highland College, but for the UHI as a whole, in the ability to impact on the supply of well qualified people in those technical areas. The point I would just like to close on is while supporting the development it is also critical to accurately track the

impact of this kind of development on the economies and social fabric in the Highland and Islands and Lochaber in particular. I'm particularly interested to see how we map that on to levels of poverty and inclusion in our area the benefits of this approach. We want to push this out more widely from Fort William and Lochaber and make sure that we realise as much as we can from this fantastic opportunity. I'm going to hand over to the final slice of bread: Steve Barron.

**Steve Barron:** Thank you Charlotte. Working together with Highlands and Enterprise the Highland Council has embraced its partnership role in leading the Lochaber Development Group and my colleague Stuart Black is to the fore in that work, so thank you Cabinet Secretary for the name checks earlier. In completing this presentation I will cover our transport, housing and planning. It's a good story throughout. So transport is key but this is the area in which there are some real challenges. There are extremely high levels of congestion in Fort William in the summer already. It can take an hour to pass through Fort William going north/ south or south/north during the summer months, and the additional traffic that will be generated by growth in the population and growth in the economic activity in that town will have a significant impact on what is already a challenging journey, which because really there is no alternative route to the A82 through the centre of the town. There is no realistic alternative route. The slide in front of you is the study area which we're looking at here. You'll see that it starts from Torlundy at the north of the end of the A82 down to the West End Roundabout that's south of the town and out to Corrbuch on the Road to the Isles. The work that we're doing looking into this study will look at much more than just road transport. It will cover walking, cycling, rail travel and also the traffic going through the port at Corrbuch to which Charlotte has previously referred and options and solutions to these transport challenges are actually extremely urgent and potentially the most urgent part of the jigsaw. We're working on a study which has been funded 3 ways. It's a £50,000 study funded by Transport Scotland, Highland Council and by Highlands and Islands Enterprise. It's looking at options to address these challenges and the paper setting out these options will come to the Highland Council in May for endorsement by the Highland Council, before passing it over to Transport Scotland for implementation, but you'll see that funding is clearly required. There's a lot of local engagement taking place with stakeholders in the business community and the stakeholders that Charlotte has

previously mentioned, but also work with local people addressing all of the transport needs that might play into the areas that we're looking at. Duncan has said, and has been touched on previously in COHI, housing is key to many of the ambitions that we have in the area. I'm really pleased to say that it's going well and we recognise that in terms of doing a good job of workforce planning, housing has a really important part to play, and just to give one further name check my colleague Alan McGuire is doing great work here, working together with the Scottish Government and with the Lochaber Housing Association, who are providing some super support. The list of current projects on your slide in front of you add up to a significant chunk of the requirement that foreseen. We've had to be pretty creative in finding sites for these developments and you'll see that they include some buildings which were previously offices; a former hospital ward at Belhaven; and a former school at Lochside. There is no easy land to be developed for housing in Fort William and creativity is essential but of course going with that creativity and the use of these redundant sites is contributing towards regeneration of the town and our City Region Deal funding is playing a part in that. The housing that we're developing will be both affordable in terms of social rent, we're looking at mid-market rent in terms of the challenges that were touched on earlier on in terms of key workers and also we're looking at low cost home ownership. The hope of course is to stimulate some private development which needs to play a big part in the future of Fort William, but there hasn't been too much of late. This slide covers the potential future housing projects and again you can see there are some pretty big numbers there. We're hoping to see a lot of private development at the Blarmore location, but I would also ask you to note that 90 units are associated with the former St Mary's School and Belford Hospital site and of course that relies on relocation of the Belford Hospital from its town centre location, to the location that Highland Council have procured to support that redevelopment at the Blar. So to close, with our work on master planning covering current and future development and I'm delighted to name check Malcolm MacLeod who's led a team who have thoroughly enjoyed the opportunity to look at such a positive development for Fort William, although you might find this plan a little difficult to decipher, from the a distance it's a master plan which sets out the future for Fort William over 20-30 years and might see the town grow in size from 12,000 to 15,000 which is a remarkable change over that timescale. It focuses on extensive development on Blarmore. It offers opportunities

along the A82 corridor, but we do start with some real advantages in Fort William. Highland Council has invested heavily in schools in the area; they're among the best schools in the north of Scotland. We've got a great tourism offer there and there is a vibrant recreational and tourism sector within the area. So clearly this is potentially a transformational for the town as Charlotte has said. It could feel very different in 10-20 years. It's been very much welcomed by local people and all of the planning that is being taken forward by the Lochaber Development Group. It feels positive and just leaving you with the thought that the A82 is and will remain the main challenge. Thank you.

**John Swinney:** Thanks very much, **Steve**; I had missed the start of all of that but thanks very much to Duncan and Charlotte and Steve for a very comprehensive explanation of what's an absolutely fascinating and exciting strategic development for Fort William, and one of the latter points that Steve made about the transformation of Fort William in a relatively short space of time and the scale of that in terms of moving from a quite weak position to a very strong position is remarkable. So a fascinating story. Comments/observations/points – Margaret:

**Margaret:** Thank you. Having seen this emerge and emerge from the desolation of looking at the aluminium plant closing just 2 short years ago it's been a remarkable turnaround and real hope and progress for the future. I'm not going to take away anything from what Liberty's doing. They're doing extremely well and they're pulling the whole picture together. Fergus has been really helpful in getting us all round the table and making sure that we concentrate on the job, but off that table we've got to concentrate on Fort William and Lochaber, because if we can't attract teachers; if we can't attract consultants for the Belford, and more than half of the staff in the Belford, it's getting up there now with locums, we've got to have a real workforce planning ethos around the public sector in particular. I think the business sector will take control of its own workforce planning and we'll get very good support but the public sector jobs which underpin the stability of your communities and underpin that place being a really good place to live in and work in. We've got to work harder at that. I've got no doubt about that. So I think we've all got to sit down together and make sure that that is working far better than it has done in the past. I point no fingers. I think collectively the whole of the public sector across Highland has never been

brilliant at workforce planning but by goodness we're going to have to move on it now.

**John Swinney:** Lydia:

**Lydia:** Thank you Deputy First Minister. Just following on from what Margaret was saying here, I think workforce planning is key in supporting the workforce not just in Liberty which is considerable undertaking, but also the workforce for all the other businesses who will be impacted on by what are fantastic opportunities and are once in a generation opportunities. The Centre for Science and Technology which Charlotte pointed to early on will be such a transformational development for Lochaber supporting all those workforce and the skills requirements, not just of Liberty but of the wider community, the Centre for Science and Technology will develop engineering, construction, digital and health related disciplines under one roof, which will both focus on the workforce requirements of the likes of Liberty but also the whole supply and also all the other businesses who at the moment in Lochaber are actually investing to take account of the various opportunities that are being offered who are all looking for a very similar skills requirement. Within the current infrastructure of college and university supply in the area that is unfortunately not possible so investment is required and I'm delighted to say that HIE, UHI and the Funding Council are co-investing to take our project to a full business case. So we would be also ready with the right investment to operate a major facility that will not just deliver skills but new graduates in all of these disciplines in Lochaber by 2020.

Thanks very much Deputy First Minister. Obviously it's been really good to get the update this afternoon. It is really positive news and it has a wider impact. There were quite a few Argyll based businesses who have already successfully got contracts. I suppose one of the things I wanted to pick up though was kind of whether there could be a formal engagement route into the kind of public sector governance for Argyll & Bute Council, particularly in relation to Oban Airport, because obviously the impact is good but it will bring the same challenge and discussions about workforce planning discussions this morning about construction and engineering, it will have a particular impact on the Oban area as well. I know there have been discussions with GFG and the council in terms of Oban Airport and

the potential use there, but it would be good to make sure that there was a route in there.

**John Swinney:** I think trying to find the opportunities that provide strategic benefits is a fascinating way to look at this and certainly worthy of further examination.

Norman:

**Norman:** Thank you Deputy First Minister. Can I thank Duncan and Charlotte and Steve for the presentation and although as you've all said it might be challenging to see it as very, very, very obvious and very clear in terms of what the intent is and the work that is being done. I think if we're honest there have been a number of false dawns for major developments in the West Highlands of Scotland over the years, and the difference I feel now is that there is much greater integration, there is much greater planning and there is much more co-operation between the agencies, and I think that ultimately is what is going to determine undoubtedly the success of this project, but it is also what the lack of that is what has maybe led to some failures in the past. So I think the work that is ongoing will create a transformation in that area and beyond the area, particularly in the Lochaber area and I think that's something that every one of us round this table are envious of in terms of the work that's going on. I would certainly hope in my own lifetime to see something equally transformational happening further west and north as well. I think it's through that collaboration that you're going to get some meaningful results that are long term; that are planned and it's really important as we said, that housing is part of this mix. I'm pretty sure that Duncan would rather he wasn't thinking about housing at this stage of the process, he would hope that the housing had been there for maybe a year or two before he even reached this stage. So I think it's a really important salutary message, that if we're looking to attract talent to our communities and retain the ones that are in the communities, then we need to make provision for them to be there to respond to tremendous opportunities like this. I'm pretty sure that's going to be a transformational project for the whole of the west but particularly in Lochaber.

Thank you Deputy First Minister. A phenomenal opportunity. I guess it's a microcosm for all of what we're trying to do in the Highlands Region particularly in respect of skills. So in discussion with the other partners I'm really, really keen to bring some innovation to the skills acquisition and the workforce development as

much as possible, in that we're looking to attract people, in then how much can we do to upskill and reskill people rapidly to be part of the opportunity that floss out. So all the opportunity we've gained from programmes like Code Clan, from foundation graduate apprenticeships, modern apprenticeships, that we bring the full force of our collective capability, but we innovate in this solution and we just don't do what we did in the past, so that we get some really breakthroughs in productivity, but this is a great example of inclusive growth. We get the combined economic growth but we equally get wellbeing and personal benefit through increased earnings for individuals. So it's a great microcosm and the early progress is pretty stunning. So hopefully we can build on it.

**John Swinney:** I think part of what's going on here in a sense is that where we are very strong as a set of organisations is about dealing with a potential economic threat, as Charlotte talked about ,but one of the motivations behind the enterprise and skills reform agenda has been to essentially enable us to not just be good at facing into the abyss and working out how best to deal with that, but to actively go about identifying what are strategic opportunities and approaches that as a country we have to take to position ourselves for further economic potential. So in a sense Norman your aspiration of seeing something transformative of this scale and magnitude for the Western Isles is a reflection of that aspiration on my part that we are not just really good at facing a potentially disastrous situation of a loss of the smelter, which has actually turned into a really much greater strategic opportunity for the country and in particular for the north-west, but to do that more actively and in a proactive way across our organisations. So in the guidance that Ministers are giving to the Strategic Board of the Enterprise and Skills Review. That is a key aspiration and it brings together what we can do on skills and learning. So the role of a locally based college that is connected into a university network is crucial in that respect, but you have to have somewhere to deal with the population growth. So the integral involvement of the local authority and the planning authority is crucial in all of these respects. So I think the more we can think about what are those strategic prizes that we're trying to learn from the GFG experience here, to apply more broadly is something that is very relevant to our discussion today. Any other comments? Fergus, do you want to make some points to close?

**Fergus Ewing:** Yes. Thanks John. I just want to make 3 points. Firstly to echo the thanks to Duncan, Charlotte and Steve and all the people that are working with them for the tremendous work, but also to extend thanks to all the other public sector bodies, including SDS, SNH and SEPA because there's been a huge amount of work behind the scenes. This is key. Myself, working with other leaders and Mary McAllan here, motivating people that work in the Scottish Government because various problems have arisen, which I won't bore you with, but they've all been sorted out behind the scenes in a reasoned way and that has not happened by accident. It's happened because of the deliverers. We shouldn't sort of pat ourselves on the back too much because as Margaret says the work on skills and housing, the main work, actually is yet to come. It's challenging. It's not easy. There's nothing easy about it. So we all know that but we are here. We've got the will and that's a great force. I think the teamwork; there are 2 sorts of times when we meet: (i) to avert a crisis and (ii) is to ensure that we grasp an opportunity. Both are important. I would like to be doing more of the latter and less of the former, but the DFM's work in chairing the committee and the work that led to the UHI campus, again, if that hadn't drawn together everybody, then the campus probably wouldn't have been there, or wouldn't be there on time, and the Inverness Castle Working Group is similarly making good progress. What I wanted to say though was looking around the table at others from Moray, Argyll, North Ayrshire, Shetland, Orkney and as well of course the Highlands, what other opportunities are there? We need willing investors and we need very enthusiastically willing investors. Where we have that - and of course HIE is on the lead on this, then are there other opportunities to do this? After all at the end of the day what happened in Fort William happened because Sanjeev Gupta stepped in and was very, very keen to invest. He didn't really know where Lochaber was, but 2 years later he's the owner of it and he's nearly setting up a wheels factory, but there are other people who are willing to invest and the Highlands has got so much to offer and has natural advantages with the green power which is Sanjeev's particular model of industrial activity. Its green metal, steel and aluminium. He's doing this in Australia as well. It's green energy with industrial activity and that's ideal for the Highlands and Islands. It's absolutely ideal. I would love to be chairing or involved in the chairing of the task force in the islands to get the island connections over the line. We're not now in Orkney far from that stage either, but other opportunities in Moray, North Ayrshire and Argyll that we

could be applying that model or pursuing investment and willing investors and let's not forget the resurgence of the oil and gas sector particularly west of Shetland too. There are absolutely enormous opportunities for the islands and for places like Scrabster too. So I wanted to say that the model of team-working is a great asset and I think it is very much welcomed by investors who have got the bit between their teeth. They then want us to make things easy for them and to feel that they're welcomed, and I think that's what happened in the case of Liberty, but I just wanted specifically to ask others round the table in other parts of the Highlands and Islands in the COHI Region, what other opportunities are there, and if you think there are, then to get round the table and to try to push investment over the table, because we will need to produce more jobs very quickly, I think over the next decade, to replace the enormous number of jobs that are going to be lost through retirement and natural wastage over the next 10 years. As we heard from the previous COHI.

**John Swinney:** Thanks Fergus. That neatly sums up I think the challenge coming out of this item. This is a great example of what can happen when we align all of our interventions effectively, but the big question that begs is what are the other range of opportunities we can pursue, and I think Fergus lays down a really important strategic challenge to us all about how we identify those opportunities and then how do we gather ourselves to make sure that we can go after them. Obviously HIE has a crucial role to play in supporting the drawing together of some of those concepts and fitting with their strategic plan, but HIE cannot do this on their own. That is the moral of the story. It has to be an involving process, so the more that we have that open dialogue and perhaps between now and our next gathering we can reflect individually on what are some of those possibilities and let's begin to air some more of that in the future. Margaret, do you want to come in there?

**Margaret:** Well I said it. I think it's up to us to reflect on that because if we get this right we can replicate it. Where else can we do this? We've got places around the Highlands where we've had hydro schemes lying vacant for years and you think to yourself, what if that was part of a development that actually used its power instead of sticking it into a huge transmission line going south. There are more opportunities. So I think it would be really good if at our next meeting that we were actually starting to talk to Keith Brown and others about saying market the Highlands and Islands for us when you're out there, because look at what we're doing in

Fort William. We could do that elsewhere and we're also marketing a real lifestyle because this is a good place to live.

**John Swinney:** I think it's more focused than that I'm interested in Margaret. I think we're beginning to move into the period where the Enterprise and Skills Strategic Board will be beginning to gather momentum and it's important that we're able then to input into that agenda in a meaningful way that can bring some rewards to the Highland and Islands community. So I think what would be helpful is in the aftermath of this discussion, if the teams that support us can begin to consider with partners what are some of those opportunities and how we might best have a discussion around about some of those concepts, and I'm very clearly thinking this will have to align strongly with the outlook and perspective of HIE, where you will have a sense of some of these ideas. So the closer proximity the conversation we can have with local authorities on that the better, but the crucial element has to be about how we link up different resources and opportunities to create projects that will be of much greater significance than we could have imagined. Any other last points? Norman:

**Norman:** Thank you Deputy First Minister. Just very briefly I think we have to acknowledge as well that this has to be about horses for courses and it has to be based on strengths that make the difference between one community and another. I hope I'm not misquoting a former colleague of mine on the council here. He would sit through a committee and quite often say I don't know what it is but I want one for Harris. I think it is important that that kind of analysis is carried out and we don't end up squabbling amongst each other about things. That's where the challenge for all of us is. I think we need to be doing that in an open and transparent fashion. We need to assess what we're going to do based on the evidence of that.

**John Swinney:** If you take for example Norman the stage of development of the islands renewables work for yourselves or for Orkney or for Shetland, for that matter, there is I think a good argument for us to perhaps take stock on them individually and say well where are we? What else have we got to bring to the party that could get these over the line, or in an area of economic challenge what might be the intervention that might assist drawing together some contacts that HIE may well have and strategic possibilities in the public sector. So I think if we create the space

for us to have a bit of a conversation around about that it would help us to do it.  
Fraser:

**Fraser:** I'm just thinking that complementary to what's happening in Fort William is the work which was being supported by HIE in Oban, a university town which is looking at what's already there and how that can bring various elements of the public sector together, so that something more positive can be developed from that. I think it's quite apposite that it's very close to Fort William as well. The two of them are going to be drawing on resources and how they can work together so that we don't pick out that situation where you've got a sort of almost like a tension developing . I think it's really important that all of those things that are led by public bodies are brought out to the fore, and I think that it would be really good to bring that forward as an example of how the councils working together when we're collaborating with HIE as part of the University of the Highlands and Islands, there is a local college context and as well schools are involved but also the local community buys into it as well, and they see how that can develop something. So I take exactly your point but I think it's important that we've got sight of a lot of those things.

**John Swinney:** You make my point for me Fraser. That's exactly what I've got in my mind. I think we've all been in the situation where we've looked at particular propositions and thought that's doing fine, but with a different perspective and with some more connections it can be more than fine, it could be very significant. So I think it's just about opening up that space so that we've got a more focused agenda about how we might assist in encouraging connections to be made. Lorne:

**Lorne:** Taking on from there the common theme in HIE is around a lot of the projects that we're doing, so maybe for the next COHI we could produce for you a paper showing the direction of travel we are so far in this environment and what we see as being the opportunities already identified, and we can share that experience across each of the local authorities.

**John Swinney:** I think that would be helpful, but have within that space for challenge about, well is this really as good as it could be? Could it actually be ratcheted up and we'll get the Economy Secretary here and anyone else that we think is relevant to make sure we have that conversation properly. James are you –

**James:** I think this is the right time to do it. As the islands look to a Growth Deal and things like that, they need to identify things that they want to go for, but let's make sure that we get the right thing and in the right place and let's make sure that projects don't go off diluting something else, because that's one of the challenges, the 2 chip shop town. There's been enough business for one really good one but not enough for two, and then they both fail on that basis. I've already identified something in this project that I'm really interested in because we have Examobile and Babcock and Craig Callor Gas that want to work with us as an energy operator in Scotland. I just want to make sure that if it's the right thing that fits with this and you maybe need to build up a shallower harbour or something that works and save somebody money, but we've got to deliver the right thing to the right people at the right time.

**John Swinney;** Alistair:

**Alistair:** Thanks Deputy First Minister. Again coming back to the energy industry the total gas plant, the Sullinvol terminal is 40 years old and to some extent when you're talking about Lochaber and bringing in a skilled workforce of 400 we had the same situation at Sullom Voe and BP trained up the locals round the plant, but they're all coming o retirement age. The next generation is unsure about the future so they're not so attracted to the oil industry and we have to change that. So to some extent the new operator at Sullom Voe Terminal, we have to try to engage with them and maximise the use of that facility for the island and for the good of UK plc. We have the gas plant is in something like the same situation. There's a lot of stuff west of Shetland and we've all to work together. When you come to renewables we are at the end of the line and there are quite expensive interconnector and transmission charges, which is astronomic, and an offshore wind which is getting cheaper and cheaper and we have a bridge to cross this much offshore wind. Again we have to change some of the views in Ofgem as to what should be discounted and what should not be discounted, and I think that's a battle and it needs to be won, yet again there are one or two other exciting prospects for the Shetland community which we would like to see shared across the Highlands and Islands in one way or another. There are things happening and you're right but the core functions, and you come back to the oil and gas, which is our core function which really needs a long hard look as to where it's going to go, and encourage the next generation of young folk to

come in and say I've a future here because at the end of the day we brought in all the workers we required for BP in 1978, and the village that I live in 100 houses were built, I became an endangered species in my own village because I was one of the few locals who had lived there, at the end of the day the thing has gone full circle. We're importing workers and they're not staying in Shetland. So I think the lessons in there of what's happened for us are there for Lochaber I think.

**John Swinney:** Norman - and then we'll draw things to a close.

**Norman:** I think without being parochial we do have an opportunity in the next short period of time through the Islands Deal to start looking at delivering these kind of transformations that certainly as a community we're looking for out of Our Islands Our Future and the Bill going through the Scottish Parliament, but equally the UK Government have to take responsibility for not just the reserved matters they have, but for them doing the right thing by the projects that we're looking to take forward as well. I think that will certainly be the acid test for us in terms of whether all the time that's been invested over almost the last 10 is going to bring benefits to our communities or not, and I think people will be quite judgemental about that at the end of the day.

**John Swinney:** Well I think that's been a very helpful discussion but it's got us to a point of looking at exactly how we're going to learn the lessons from this and build further from it. So thank you very much for that. Thank you Duncan, Charlotte and Steve for your contributions. Duncan thank you particularly for the involvement of GFG. It's been a source of great inspiration for all of us. So thank you very much. We look forward to building on the lessons of this next time round. We'll take a short break for a cup of coffee and we'll press on with the rest of the afternoon. Thank you.

**John Swinney:** The final session before we go into the summary is around the long term sustainability of the Highlands and Islands air service, which is material to all communities and we're joined for this by Inglis Lyon and by Lorna Jack from HIAL, welcome to both of you. I'll ask Humza Yousaf, Transport Minister to say a few words to begin with to introduce this item and we'll hear from Inglis and Lorna and then we'll go on with our discussion. Humza:

**Humza Yousaf:** Thank you Deputy First Minister. Can I also, as my Ministerial colleagues have done, add my thanks to our hosts North Ayrshire Council for the hospitality thus far and the fact that we haven't had a single flake of snow which is great? I've always found COHI to be useful. We've already had a number of side discussions where a lot of good conversations have taken place, but I thought it would be worth bringing this to the plenary because it's been raised with me by most of the local authorities that I engage with in my job as Transport and Islands Minister, since the HIAL Board announced on 8 January that they had taken the decision in principle to take forward the long term remote towers and centralise air passenger surveillance air traffic management solution, not the easiest title to digest but Inglis will of course go through what that practically means. I fully understand the concerns that have been raised by a number of local authorities in terms of the reliability of communication links; the potential for job losses of course at Highland Airports; the safety of the system etc. Inglis and Lorna will both go on to explain of course that the modernisation of air traffic management is absolutely essential if nothing else for the services in the Highlands and Islands to continue. I myself received a very informative presentation on this project in December 2017 from HIAL and from Helios, the consultants, who are taking forward the proposal. HIAL has undertaken a lot of engagement. I think they have met with the vast majority of local authorities here bilaterally. I thought the Convention represented an ideal opportunity for them to give a full presentation on what had been proposed and to answer your questions. My own engagement, as I say, with stakeholders on this issue has raised a number of very legitimate concerns. I think there's probably also a few misconceptions around what remote air traffic means and therefore again Inglis and Lorna hopefully will be able to bring some reassurances as well. So may I introduce Lorna Jack who's the interim chair of HIAL and Inglis Lyon known to many of you to, the managing director of HIAL, to begin the presentation? So they're going to give a short presentation and then as always of course we're going to open it up to contributions. So over to you Inglis and Lorna.

**Lorna Jack:** Thank you very much Minister. I am Lorna Jack as the Minister has said and I'm the interim chair. I took on that role in October after Mr Cantley, who's with you today, gave that role up. So I've been doing this role since October. I'm delighted to come along today and meet some of the folk that I've already talked to

on the phone, but hopefully folk that I will get an opportunity to, not just engage with today, but going forward. I'm not going to say very much. I think Inglis has got the content of the presentation that we would like you to see. The main thing I wanted to mention was why we're looking at this. The fundamental reason is really to sustain and grow air services to and from the communities that we currently serve. We don't believe that will be possible if we don't start to address the long term air traffic management strategy and so hence why the board actually at the time under Mr Cantley's chairmanship, and now under mine, had a look at this and had a deep piece of research done by specialist Helios as the minister has mentioned. In January we decided that we needed to take the next steps in moving this forward. I have spoken to all the chief execs and I think all of the leaders bar one along with Inglis. We did that in January to give you a bit of a flavour, so I hope this won't be repetitive for you today. I hope there's something new comes out of it, but I also appreciate there's quite a number of folks around the table that won't have heard from us before. When I talked to you I mentioned that we were in the process of developing a new strategy and that that strategy very much was to push us a little bit further into thinking about the connectivity needs and particularly the air connectivity needs of your communities, so that we could help both socially and economically with the things that you're trying to achieve, and again this is at the heart of the air traffic management part of it. So I hope that this isn't a one-off conversation and we will continue to engage, because we know there are challenges that lie inside this proposal, but we also want to help with some of the solutions to the challenges that it creates for you both locally and indeed collectively for us all. So that really was all I wanted to say before handing on to Inglis, our managing director, who will give you a bit more of the detail. Thank you.

**Inglis Lyon:** Thank you very much Lorna and Minister. The foundation stone of everything that we talk about today as Lorna has said is the sustainability of air services in the Highlands and Islands. Without a sustainable solution to what we're facing today in air traffic control, it's unlikely that we will be able to continue to support the vast majority of airlines that fly into and out of the Highlands and Islands. So it's a very important decision for us to proceed down this remote tower path. What I would like to do now is to play a very short video that puts our decision in

principle in context and then we'll take on some of the other issues once the video is finished.

[Video now being shown]

**Inglis Lyon:** I would like to just draw a couple of references points out from that video. The first thing is that they talked about improving safety, and that's the same situation with ourselves, it doesn't mean to say that the same situation with the existing system is unsafe, but what it does is it gives you the ability to make the system more safe, which in aviation is what we're always trying to do, which is to make the system more safe. The second thing to point out is that the locations that they're talking about, London city and Swanwick, they're about 100 miles apart, through some of the most congested airspace in Europe. So, that's the level of technology that's available to guide aircraft through some of the most congested airspace in Europe. For the airline buffs, radar buffs amongst you you'll see that that's a screenshot of a radar and for anybody when you mention airlines, airports and aircraft everybody imagines that our controllers spend their day moving these blips across the screen from one side to another to elevate, to descend, lateral movements and everything else that goes with it but the situation's very, very different in Highland. It's different in HIAL because of the kind of air traffic control that we practice. The tools that we use in HIAL are these. They're as basic as these with one exception and that's at Inverness. So the critical tools are there on the desk. So you'll see the radio, the radio is there so that the air traffic controller can speak to the pilot. The handwritten strips that you'll see there, they're there for the air traffic controller to record the movements of the aircraft. You've got the obvious set of binoculars there, with some other bits and pieces to help the air traffic controller broadcast the weather and that's what he's looking at because we practice procedural control. What does that look like in reality? In reality that's what you've got. So HIAL provides procedural approach services to separate participating aircraft. So the aircrafts will contact the controller. The controller will then play the equivalent of 3D chess. The air traffic controller cannot see that aircraft. These aircraft are flying around the Highlands and Islands and the air traffic controller cannot see them because they're following procedures and the air traffic controller separates these aircraft, and these are participating aircraft, however not every aircraft participates. Some aircraft perhaps on a ferry flight from the States to

Europe; some aircraft perhaps just on a leisure flight, not every aircraft participates. So we have a procedural approach practised in the Highlands and Islands with the exception of Inverness that means that the aircraft are not seen. When we reviewed our position 2 years ago we thought we had got to a point whereby we were struggling to attract air traffic controllers. We looked at why we were struggling to attract air traffic controllers and the principal driver of that is what is happening elsewhere in the world as you would expect. For example you've got huge growth in aviation in the Far East; you've got huge growth in aviation in the Middle East; you've got huge growth in aviation elsewhere in the world, and what that does is that it sucks in all of these quality European air traffic control licences and these people who want to go and work elsewhere in the world. For working elsewhere in the world the rewards are fantastic. If you go to Dubai just now you can earn between £12,000 and £14,000 a month as an air traffic controller tax free. If you go to London Gatwick just now you can earn between £150,000 and £160,000 per annum tax free. That's the industry we're competing in. That's what we're up against. In practical terms what does that mean for us within the Highlands and Islands? Let me give you a very small example. A recent recruitment drive in the north of Scotland, we had 76 applications from Kirkwall, Stornoway and Sumburgh combined. Of these 76 applications 30 were selected for interview, of the 25 that appeared, of the 7 that were put forward, 2 failed the medical, so of the 5 that are going down to the college, we know that there's perhaps one certainty and 4 iffies. That's the kind of fallout rate that exists. Now that's just for the Highlands and Islands airports. If you look at the likes of NATS, the major provider for the UK, they get 10,000 applications per annum, they're lucky if they get 90 successful controllers. So that's the scale of the issue that we're looking at in terms of the staff and our ability to staff these towers. The second issue that we're likely to face when we go down this particular path is the Comms infrastructures. The technical feasibility of doing these things in remote areas, and we haven't underestimated that by any stretch of the imagination, but I can tell you that we're content that the primary infrastructure is there to ensure that these remote centres would work in the Highlands and Islands. What we have to do some work on just now is to determine whether there is sufficient secondary, ie redundancy in the system to ensure that these towers can work and also work in the event that there is a Comms failure. The third thing is that we recognise that getting everybody on to the same page is going to be a huge challenge, particularly when

we're talking about losing relatively well high paid jobs from these island locations, and candidly there isn't another way of doing this. This is the only option that we've got to make sure that we have the sustainable level of air traffic provision through the Highlands and Islands. I say the same thing to you the councils as I said to the trade unions; we can't do this on our own. So we've got the trade unions sitting on our project board and I would very much like to get the local authorities, if we can't at least get you pointing in the same direction as Highlands and Islands Airports, at least if I could get you on the same page and get you to understand what it is that we're trying to do with this revised system and this revised model that we're trying to put in place. We can either stay where we are, and it's not going to be a sustainable solution for Highlands and Islands Airports, and it will cause us a significant level of disruption as we go forward, or we can move to something far more sustainable and deliverable we hope in the Highlands and Islands. Our timelines, we hope to introduce this over the next 10 years, it's not a switch on today and leave it. We hope to introduce it over the next 10 years and until that point it will be business as usual. The location of the remote centre, we've yet to decide upon the location of the remote centre. We're currently out to tender just now for some individuals who are going to help us decide objectively on the location of the remote centre. The last thing we want to do before we get into the discussion is just to tell you that on 25-26 April we have an open day with a number of suppliers who are coming up to Inverness to show their wares, and that's going to be held at the University of the Highlands and Islands and the invites went out on Friday, so you should have your invites relatively soon.

**Humza Yousaf:** Thanks for that Inglis. I know there's probably quite a few people who want to contribute so let's just open it up. We have round about half an hour for discussion. So I'll probably take a couple of contributions before I let the folk from HIAL perhaps to respond. Norman:

**Norman:** I think there are undoubtedly concerns about the proposals and there is still a fair amount of convincing to be done about the strategy behind it. I certainly acknowledge the challenges that are in terms of recruitment, but I'm extremely concerned if within our own local authority we were advertising for a post and we had nearly 100 applicants, and we ended up with just the one being capable of being trained to carry out the that function. I would be concerned whether we were

sending out the right message as to what the role involves, and I would also be concerned about the individual's ability to interpret the application in terms of something that they believed they could do. So I think there are some issues in relation to that, but equally in terms of the technology I think it's very different. It's not that very long ago, I think it was in 2015, sometime in January, there was a big storm in the Hebrides and that system that was put in place by the government, that was supposed to be absolutely bulletproof, that was following the bombings in London, that airway system that was put in place was deemed to be absolutely bulletproof and would never fail and surprise, surprise, it failed. None of the emergency services including the coastguard, police, ambulance and fire in the Hebrides could communicate with one another, and at the same time the landlines were inoperable. That's a challenging enough position to be in when you have some degree of control but the difficulty then is if you're sitting piloting a plane up in the air when that kind of thing happens that just cannot be allowed to happen. So there are huge issues and I know Inglis said that they're now looking at robustness and having a fallback position in relation to that, but I don't think One Air is sufficient for that. I've still got some real concerns about having that degree of trust in the technology. As we've discussed earlier on today, the places where the technology is at its most fragile and most vulnerable, are around the Highlands and Islands, so I think people need a huge amount of convincing of the robustness of the system and it's really difficult to see what a failsafe model would look like in this particular context. The other issue that I know members have raised is that of the relocation of losing jobs in the community. For me that's a secondary matter. It's still quite important, but it's a secondary matter and I think the biggest task will be convincing people that the systems that will be put in place will be robust and can be guaranteed. I think it will be a real challenge to convince people of that.

**Humza Yousaf:** Thanks Norman. I'm going to take James and then go back to Inglis to address some of those points. **James:** Just seeing the screen and the presentation of one airport how many fewer aircraft controllers will you need to do the whole Highlands and Islands, and switching from airport to airport by screen from time to time, or are you reducing the numbers of people watching the screen? You're speaking about a safer system. How many airports are there 8 or 10? Seven different airports and 7 different screens. I need to be convinced that this is safer. I

know you will be able to do that, but I'm just interested to know where we are with that.

**Humza Yousaf:** Inglis:

**Inglis:** If I can deal with the last one first. We're starting off with 75 staff affected and by the end of the 10 year process we'll have the same number of controllers in post. This isn't a job saving exercise. This isn't a money saving exercise. This isn't a consolidation exercise. This is about providing a sustainable air traffic service; so that we can all guarantee the lifeline links going forward. You end up with the same number of controllers but under one roof as opposed to under 7 is the first thing. The second thing: dealing with the systems. The reason I showed you London City and Swanwick is that there are 5 different levels of redundancy between London City and Swanwick, so if one goes down then there's 4, 3, 2, 1, and the reason that there's 5 is because the CAA said that's such a complex and high dense area of air traffic operations, that we couldn't allow anything less than 5 levels of redundancy to make sure that there is a failsafe, a failsafe, a failsafe and a failsafe. The CAA, the regulator, would not allow us to do anything that wasn't safe, so we will have comparable levels of redundancy in that system between the remote centre and the sites affected, so that there is redundancy in the event that the system fails. The third thing on the recruitment: air traffic controllers, I used those figures of 76, 30, 75 and then 102 and I used NATS as a comparator because they are comparable and these are industry norms, and the thing about the air traffic controller is that it takes 18 months from the street to getting sat in the seat and controlling the aircraft that can leave within 3-6 months. So it's a very long lead-in time to get these controllers into the seat, and it's a very short time and they decide to go off and earn the big money in the Far East or wherever it is, and every time that we go out to recruit in the islands we get fewer and fewer applicants, because there is a finite pool of people who have this, and the reason I mentioned procedural approach is that it's a fantastic capability to have this 3D spacial awareness. Not everybody can do it. It's a horrendously complex job. That's why you end up with only one or two from a pool of starting with 76.

**James:** What about the question around the safety and robustness of technology? Obviously you played a video around London City Airport. Were other countries on the continent where you already introduced one or two examples aren't there?

**Inglis Lyon:** Yes we have. You have a real live working example in Sweden. You have a company called Avinor, which is a larger organisation than HIAL in Norway which is a year away from switching on 15 towers. There are examples in Hungary, the Irish Airports Authority are running with it. There are examples in Australia. The actual technology, the camera technology on the airfield has been around for 10 years. It's robust and works and I have no concerns over that. What I have a degree of concern about is the infrastructure that goes to the airport and how we actually make that work, but other than that the camera technology has been around for 10 years and is proven. It's not only used on the airfields. To give you an indication as to how this used to enhance safety at the moment, if for example you're an ambulance flight on your way in to Stornoway, you're arriving in the dark on a runway, the air traffic controller in this scenario will be able to see birds and anything else that's on the runway, the air traffic controller just now cannot, because he can't see in the dark. This has night time vision. This has movement vision. This has the whole thing. It's like something out of a Blackhawk helicopter. It's that technological advanced.

**John Swinney:** Inglis can I just ask about the point that Norman raised about the resilience of the connections and what your sense is about the robustness of that in how much confidence, because I remember the incident you're talking about when the airway system went down, just what kind of reassurance there is in that respect?

**Inglis Lyon:** One of the, I can't go into too much detail just now because we haven't yet decided on the location of the centre, and we will only be in a position to decide on the location of the centre when we get the information back and we hope to make that announcement in January and once we've done that we will be in a position to then build that picture of the resilience that will exist alongside the primary means of that Comms working. So let's say for example everybody in the room is going to be thinking it's going to be in Inverness, so let's say for the sake of argument that it's going to be in Inverness. We don't know that yet. We're completely and utterly as a board agnostic on that, but let's say for example it's going to be Inverness and once

the decision is taken our team will then develop what the Comms infrastructure will look like and decide whether or not what's there is acceptable or not and then decide what needs to be put into make the thing safe, because next to the nuclear industry the aviation industry is the most highly regulated industry in the world. We would not be able to do something that had any detrimental impact on safety. This is designed a) for sustainability and b) to enhance safety. It's not about saving jobs. It's not about saving money. It's not about consolidating. It's not about single control. It's about none of these things. It's about sustainability and safety.

**Margaret:** I think it's important to point out of course that the Civil Aviation Authority will have a view about the level of resilience we'll need in the system and the kinds that they will sign off on for the islands. This won't wholly be in our hands and we have work to do there for sure, and I thought it was very interesting that you were looking yourselves today at the digital progress you're making. So we'll be dependent on that rolling out for sure and this is a long term project. So for me it won't be in our hands in terms of defining how you ensure that everybody has the level of resilience at every single one of our airports, but it's reassuring that it's been done elsewhere and it's been signed off by the aviation regulator in Sweden as Inglis has said, and indeed in Norway as they progress their remote tower solutions.

**Humza Yousaf:** Alistair wants to come in.

**Alistair:** Thanks Minister. NATS in Aberdeen, do you get any help or resilience from NATS in Aberdeen?

**Inglis Lyon:** Of all the airfields that we operate Sumburgh is the one airfield where we have a controlled airspace and that controlled airspace operates because we have a high volume of helicopter movements across the North Sea and that's provided by NATS in Aberdeen. That's the extent of the resilience.

**Alistair:** The second one then is I'll stay with Sumburgh for the purpose of this exercise. At the moment we have BT with the fibre connection going over to Shetland. So you have the resilient connection that way. We have Faroese Telecom going the other way which can give you another resilient connection. So that's 2 of your 5. You have to find another 3 and to some extent

that's where some of this difficulty is going to arise I suspect. I'm just taking a simple example.

**Inglis Lyon:** I understand and I appreciate the comment. The reason that there are 5 levels of resilience between London City and Swanwick is because it's a particularly complex piece of airspace. The airspace in the north of Scotland is less complex so the CAA might say ok we don't need 5 you only need 3. I don't think you would get anything less than 3 but that's how it works. It's because of the intensity of the airspace and what needs managed.

**Alistair:** the last question and probably the most important one is "is this going to allow the planes to come any lower before they get caught up with the fog"?

**Inglis Lyon:** It should allow you to land on a sixpence at the end of the runway.

**Humza Yousaf:** More comments on this would be welcome. I have to say from my perspective when I received the presentation from Helios and from HIAL I was actually caught by surprise that how little visibility there currently is. I know that there are all the procedures in place to ensure safety, but that picture alone on the left-hand side of your screen speaks more than a thousand words. I suppose technology, binoculars and radio are technology in their own right of course but what we're talking about is upgrading that technology I'm reminded Inglis you said the timeframe is 10 years isn't it?

**Inglis Lyon:** Ten years is the timeframe. We have a draft programme that sees us look at the Western Isles first and then rolling it out over a 10 year period, but the important thing to understand is that until we roll this out it is business as usual, so you will continue to see adverts for air traffic controllers in the Highlands and Islands Airports. You will continue to see staff controlling aircraft using procedural approach. It is very much business as usual until we get the project rolled out in total, which should take somewhere between 10-12 years. It's a long term project. It's a long term project because in part all of the safety casework has to be done because these are very specific locations whether it be Sumburgh, Kirkwall, Stornoway, Benbecula, Dundee, they're all very, very specific safety case pieces of work.

**Humza Yousaf:** Any more comments? We're coming towards the end of that presentation.

**Margaret:** Why do you need to centralise it in one place?

**Inglis Lyon:** If you were not to centralise it you would end up more or less I suppose almost doubling or trebling the costs involved and if you take the controllers and put them under the one roof you don't need to have that surveillance at each and every individual airport.

**Humza Yousaf:** James do you want to come in?

**James:** I'm confused by the last statement because you've got to have a connection at both ends, because you're going to have your cameras and everything or do you not have cameras?

**Inglis Lyon:** The thing that will drive the cost will be the surveillance and if you put the surveillance in the one location it's a lot cheaper than putting surveillance in seven locations.

**James:** So the cost basis?

**Inglis Lyon:** For that part of it, yes it's still the most. Humza Yousaf: Just one more.

**James:** We have quite an extensive internal air service with tiny little planes that buzz around and we would hope that to save money on ferries we would want the next stage of any rollout I guess to get us up to the routes and services methodology position to enhance that. Is there a conflict between this and the smaller planes?

**Inglis Lyon:** No and indeed it could almost be part of a solution to help grow these services. You could be talking about extending these services out into periods of the evening, which you don't currently do because you don't have lights on the runway and things like that.

**James:** Can I come back on that again?

**Inglis Lyon:** Yes.

**James:** So therefore we could land on a remote airstrip with this in the evening without having any extra lights and things.

**Inglis Lyon:** There would have to be infrastructure work done on that airport but there is the potential to increase the operating radius.

**James:** Thank you Minister. Just on that issue I struggle to see how that's going to work on the beach at Barra, when the tide comes in twice a day. So I think people of Barra will be looking for some reassurance on that. I think taking the comments you made in response to the question there is a cost saving exercise under this process. It may not be the driving factor but it is a consequence of going through this. My final question is how well that system will integrate with the military because very often the issues that arise through near misses and other things like that are not necessarily as a plane is coming into land, it's as it's making its approach and you could find some low flying military which is what they do. So is that going to be accommodated? Will that be done through the normal air traffic communications?

**Inglis Lyon:** Dealing with the Barra thing first: Barra, Campbeltown, Tiree and Isla are unaffected by this proposal. They are flight information only so they are unaffected by the proposal. What happens in Barra, Campbeltown, Tiree and Isla is that somebody sat in the tower and told the pilot what the weather is so they're unaffected. This is only going to impact on air traffic control units, so Barra will continue to function as Barra has functioned in the last 81 years. No change in Barra. The second thing is in terms of the military. This is actually going to be quite a useful thing for the military because by introducing surveillance across these aerodromes and introducing controlled airspace, which is the second part of this proposal you actually make the system more secure because (a) the military can be seen and (b) the military will have to respond to that area of controlled airspace that will be set around an airfield. So it makes the thing an awful lot more robust and please understands at the moment everything that they do is safe. This gives us the opportunity to make it even safer.

**Humza Yousaf:** Any final remarks?

**Margaret:** I think the only thing I would add is that this is a huge challenge for all of us. There is an opportunity in there in terms of where we're going to with technology and maybe linked to that question you had about recruitment. This is a much more attractive place to recruit for the kind of future of air traffic controllers, for young folks that are starting their air traffic control career and so the Highlands and Islands being at the forefront of technology, rather than as we're just now, the last folks using procedure and folks using the monopoly provider that there is in training. So for me

we could be a real centre in this if we move with the thinking about the training and infrastructure that's needed around there, because I suspect it won't just be London City Airport in the UK that's looking at this technology just now and indeed other airports in Europe. So can we get into the front part of that rather than be last to the party.

**Humza Yousaf:** Thank you. James:

**James:** Just a few words. So seeing is no longer believing.

**Humza Yousaf:** On that philosophical note as always from Councillor Stocken can I draw this session to a close. I think there are some obvious key themes which HIAL will take away, particularly round robustness, the technology, obviously the long term sustainability, the recruitment, the impact on jobs leaving the islands, particularly high paid high skilled jobs, and then the continued engagement with local authorities and other partners. So there's a fair bit. I think there's probably also probably a piece of work that's worth doing with local authority leaders, HIAL and Highlands and Islands Enterprise, around how we can use HIAL's assets in order to recruit and bring more economic impact on the islands to mitigate the job losses, but I think the Deputy First Minister will take that away and we'll end the session.

**John Swinney:** Thanks Humza. Thank you Lorna and Inglis. I don't think it's a case Councillor Stocken of seeing is no longer believing. It's just seeing from a different place is all that I would add to that, but thank you for that. I think obviously there is some very real challenges here that have to be wrestled with because we must have the maintenance of these services and if there are tough issues that have to be confronted about making sure that that can be done robustly in the future. So I'm sure that HIAL will continue to engage on all of these questions but thank you very much for setting out those issues for us. We've got kind of 2 last bits to do. One of which I think we've done already. I've went through the outcomes earlier on from the last session. Does anyone have any other points that they want to raise with me about the outcomes from the last session? No. We'll then move on to the last part of our discussion which is our outcomes, and I'm hoping that somebody is going to help me out here.

**Stephen:** Deputy First Minister I wonder whether we could just use the space to make a comment on the post-2020 priorities work and the work being done by the COHI Senior Officers Group.

**John Swinney:** I might have just glazed over this but you carry on while I look at what else is in front of me, just to see that I haven't missed anything. On you go Stephen:

**Stephen:** I was just keen to make a pitch for the next meeting about the good work being done by the senior officers and councils, perhaps leads on presentation of the information to COHI. This is largely a Scottish Government paper that's come before us today but a lot of the work is being done by council senior officers who my understanding is weren't really engaged with the process of presenting the paper we have here. So it's an offer rather than a complaint.

**John Swinney:** Well let's just take the opportunity to have a conversation about our next session which will be in Moray. We're going to Moray College, UHI in Elgin. So I'm very keen, we've talked in the course of our discussions earlier on today about, I suppose I would sort of describe it as an opportunities based paper on where strategic collaboration could assist us in improving economic opportunity in the Highlands and Islands, and we look to HIE to draw that together, but obviously with others. Stephen your suggestion is to have some wider input from the COHI Senior Officers Group on Highlands and Islands Post-2020 which is along the same, there's a combined theme to that type of agenda. Other points: Margaret:

**Margaret:** Can we underpin that with a substantial paper and discussion on workforce planning and talent attraction? I think between now and then, we're all going to be doing some work almost certainly jointly in Highland and I suspect it would be good to pull that together in one place to see what's happening across the piece and just see what progress we're making.

**John Swinney:** I think there is obviously a link in from that Margaret to issues around migration and population growth. We might have a clearer idea of what we are dealing with by the time we get to October but perhaps not. I think these themes all come together because I think part of what worries me about the general population situation is that we can all see that the position in the Highlands and

Islands is so strengthened by migration, over the course of the last 10 years that the material that we got from Shona the last time round about the population challenges and the workforce challenges going forward, but the combination of that will only make the workforce even greater. So we need to reflect on some of those things.  
Damien:

**Damien:** Just to say we had agreed a substantive paper for October on the follow-up to Shona's discussion last time, so it maybe that we can wrap a few of these things together. We've done some work on the Brexit scenarios, which as you say will hopefully become more obvious or less, but clearly the messages coming from today and also I think the trick with keeping that open to the future opportunities piece the great thing about the GFG is that it crystallises all of these things in a single proposition, where you're looking at workforce planning; you're looking at placed based investment; you're looking at community based activities in order to realise all the potential so maybe we could link the update on the regional skills investment plan which Norman is leading on and capture some of the issues to make sure that it's open to the paper that comes on future opportunities as well so we can liaise with officials on that .

**John Swinney:** Joe:

**Joe:** I'm going to move away from that. It's about future reports on work for us and those of us who were there last night will remember that Councillor Stocken and Councillor Cooper had quite a long discussion about the fishing industry after Brexit and I'm not suggesting we repeat the debate at this moment in time but as Councillor Stocken said

**John Swinney:** I think you're going to have to give us a flavour of it Joe.

**Joe:** I'm just going to do that. Councillor Stocken has obviously left the room but he was talking about the quota system for the fishing industry and taking back control as some people call it, and how he was wanting a discussion about what we should be asking of the UK Government and the Scottish Government in terms of a licensing system, because he thinks the local authorities should have greater control over that quota in order to make the fishing industry more sustainable and to actually give us some investment and benefit back from that and Councillor Cooper maybe had a

different view on that but I think James was leaving the room so the onus was on me to raise the issue.

**John Swinney:** How long did this discussion go on for?

**Joe:** You don't want to know.

**John Swinney:** Well it will be fascinating to see where the politics of fishing ended up by October 2018 but I'll jot that down. Any other offers: Charlotte:

**Charlotte:** I think we've agreed also to do the digital re the benefits realisation aspect for where we're going so with rollout so we would be happy to co-ordinate that as well.

**John Swinney:** I think notwithstanding the fishing question which feels to me it's almost Schleswig-Holstein like I think there's actually a very good combination of discussions around Highlands and Islands 2020, future opportunities and workforce population and talent attraction. So I think that may provide us with a really solid opportunity to get into a discussion and it will be beginning to become clearer where some of the thinking of the Enterprise and Skills Board is going and we want to be able to make sure that is as clearly informed about aspirations in this part of the country as possible. So we'll get officials to take all this stuff away and work through it, but that feels like a pretty good forward look about what our agenda will look like. Other questions, the digital point Charlotte, Fergus also raised the issue and I think we have to think about this from time to time about how we reinvigorate the policy focus on digital. I was quite struck by your reflections on our session in Elgin the last time, where we had the digital companies in, that it created a better conversation and I'm quite interested to see without getting these people in all the time what we need to do about activating some of that as we need further commitment from the digital providers and particularly from Ofcom to understand the requirements that we have here. So we'll maybe look at what's best to take forward there and we won't forget about fishing. Any other offers about future agendas, or does that give our teams enough to work on? Ok. The outcomes of this session. Outcome 1: COHI members agreed that each local authority would ensure mid-market rent opportunities are highlighted in strategic housing investment plans submitted to the Scottish Government; community planning partnerships should identify exact local

need and potential models with SG; local authorities will also consider available public sector owned land and the use of CPO powers to secure land for housing and develop new housing plots. On the points we talked about was the need for a real understanding between the Scottish Government and local authorities about what were the steps necessary to accelerate investment, and I don't feel that's there. So if we could add in that point. I think it's that point on how we get cohesion. Some of it's in the first paragraph but it's a bit too specific I think. You know that we've got a commitment to build 50,000 affordable homes, but there will need to be real cohesion to make sure that can be achieved. It's not just about money. It's about sites. Stephen:

**Stephen:** The phrase key workers in there and also the point Margaret made earlier.

**John Swinney:** Ok.

**Stephen:** But probably in relation to mid-market rent because that's probably the solution to that challenge.

**John Swinney:** But would that involve the possibility of reserving some mid-market rent for key workers? Let's reflect on those 2 additional points: the role of key workers and then the cohesion of the Scottish Government and local authority plans.

**Margaret:** The second one: we did talk about bringing in some of the planning difficulties together and just working and thinking them through together, as well as CPO powers.

**John Swinney:** Well let's say CPO powers and other potential planning issues. My officials will capture those changes so we'll take those forward. Outcome 2: COHI members welcomed the ambition, nature and scale of the Scottish Government's R100 and 4G infill programmes, and the achievement secured in part by COHI joint working. Members reaffirmed the rationale for continuous improvement to further faster integrated and innovative national and local developments, and that progress would be best served by further collaborative working and regular review in this forum. Bilateral meetings between the Scottish Government and each local authority will be arranged to address, identified and differentiated local challenges. SG to explore the potential of leveraging the Scottish wide area network infrastructure, service growth and other public buildings. I think that's fine. Subsequently UK

Government Ministers and the CEO of Ofcom will be invited to attend the next COHI meeting to seek to further enhance joint working. This to be viewed from the importance of continuing and proportionate investment by the UK Government, in addition to the funding provided by the Scottish Government to R100. I think the only thing I would add to that is that I don't want to just leave that for 6 months. I would like us to formulate, if colleagues are agreeable, a letter which goes from local authority leaders and Ministers to the UK Government on that issue of funding expressed in a fashion that's designed to make a persuasive case but obviously that wording would have to be cleared with all colleagues before it goes. The way that's worded is suggested that we will leave all this for 6 months. We'll do the letter in the short term and clear that wording with everybody and then into that letter we'll extend that invitation to the UK Ministers and I think it would be good to invite the chief executive of Ofcom to join us as well. Alistair you're going to make a point.

**Alistair:** 2019, for us to start looking beyond 2020 at digital and seeing as we're talking about housing if we leave it for too long then we're trying to play catch-up.

**John Swinney:** Yes because I think the challenge in all of this is that it's all moving at such an alarming pace. We will maybe see at the end of that first paragraph – would best be served by further collaborative working and regular review by this forum, and particular the issue of future-proofing.

**Margaret:** On digital could we capture Fergus's offer for HIE to be fully engaged with the rollout of R100.

**John Swinney:** Certainly.

**Margaret:** Fergus is also considering whether or not we need a more focused task group and we'll leave that with him and talk to him again about that, but there is a lot of bilateral meetings.

**John Swinney:** Ok that's fine with those changes. Outcome 3: GFG Alliance, Lochaber: COHI members asked for an explanation into areas of engagement which can be made between COHI and the Lochaber Delivery Group, for example the Oban Airport, to learn lessons from the GFG Alliance experience in Fort William and to maximise the strategic opportunities in the wider Highlands and Islands. Members recognised the value and impact of those co-ordinated actions and endorsed the

ambition of applying that model in a proactive way to other strategic opportunities in the Highlands and Islands. Members agreed to reflect on that and on what those opportunities might be for discussion at the next COHI. HIE will provide a paper setting out some suggestions for discussion built around the assets and opportunities. Outcome 4: COHI members welcomed the HIAL presentation and highlighted the importance of responding to real or perceived concerns of the centralisation, safety and resilience of the ATC modernisation proposal scheduled for implementation in 2028. HIAL provided reassurance that the new system could only be introduced with the agreement of the CAA who require certain levels of resilience built in. HIAL would continue to keep local authorities informed as the modernisation programme progresses and made clear that it would be business as usual in the meantime.

**Margaret:** I think this was the photograph of what they've got now and we're looking at this for 2028. I'll have some conversations with Inglis.

**John Swinney:** Are you for getting on with it faster Margaret?

**John Swinney:** Mike do you want to give us a

**Mike:** Well seeing as everybody else has gone I thought I had better say something. The Norway example is interesting. Almost all of Avinor's 46 airports have been plugged in over the short period. There are about 16 now, but they've been at it since 2008 to get to this point. The one thing that wasn't mentioned in the presentation was that all commercial aircraft are mandated to have the kit by 2019, so by the end of 2019 that's the pivot point where every commercial airline will just expect every airport to have the kit and that's because there are substantial cost savings in terms of not having to fly the procedures, because you can fly direct, because the air traffic controllers can see you and because it is even safer than what we have just now. So you are absolutely right, if we had started this in 2008 we would be where Avinor are just now, but it will take this period of time to do it and roll it out. It's that kind of process and you can be absolutely guaranteed that the CAA will not let anything happen of any sort unless it's absolutely, absolutely safe. So it will take a significant period of time. So there are 2 stages to it. The first is we have to have this kit. The second stage is how do we do it and how do we roll it out? That's basically how I would interpret the presentation.

**John Swinney:** so I think there is a need for a lot more dialogue because obviously people are anxious about this.

**John Swinney:** Thank you. We've got a good discussion there on our agenda items going forward and a very much future focused discussion. We will be meeting as a Convention on 22 October in the Alexander Graham Bell Centre, at Moray College, UHI and we look forward to that. Can I go back to where we started and thank North Ayrshire Council, Joe and Elma for your hospitality and all the arrangements today and also for bringing us to this wonderful and unique part of Scotland. Thank you very much for that. So thank you very much colleagues. I'll close this meeting. Thank you.

**END OF COHI MEETING**