

# Infrastructure Investment Plan 2021-22 to 2025-26: Island Communities Impact Assessment

## Context

In 2018, with a range of partners, the Scottish Government launched a new National Performance Framework. It set out an agreed purpose to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth. Infrastructure investment is a key articulation of our priorities and paths towards achieving this. It is vital that in developing our approach to infrastructure, the uniqueness of our communities is recognised and improved benefits for all of Scotland's people are secured.

The Islands (Scotland) Act was passed by the Scottish Parliament in 2018 and is only one of a handful of place-based pieces of legislation to focus specifically on islands in the world. The Island Communities Impact Assessment (ICIA), now a statutory duty under the Act, requires the Scottish Government to prepare an assessment on a policy, strategy, or service, which is likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities).

A coherent Infrastructure Investment Plan that reflects fairness and equality in its key values and, enables consideration of place-specific needs, can support improved outcomes for all of our island communities

## The Infrastructure Investment Plan

The Infrastructure Investment Plan (IIP) sets the strategic framework for the infrastructure investment the Scottish Government and its public bodies will make over the coming 5 years – from 2021-22. It also provides details of the major projects and programmes the Scottish Government plans to invest in. The delivery of individual projects and programmes is the responsibility of relevant Scottish Government portfolios and public bodies.

In this plan, a number of new elements have been introduced:

- **A new single vision of infrastructure, underpinned by three themes;**
- **A new common investment hierarchy;**
- **A new outcomes based approach; and**
- **Promoting meaningful public engagement.**

We have adopted a common, **single vision** for all our infrastructure investment choices:

*“Our Infrastructure supports Scotland’s resilience and enables inclusive, net-zero, and sustainable growth”*

Underpinning this vision are **three supporting themes**:

- Enabling the transition to Net Zero Emissions and Environmental Sustainability
- Driving Inclusive Economic Growth
- Building Resilient and Sustainable Places

These themes are not necessarily independent, and some investments deliver across more than one theme. It is envisaged that while investing towards a particular theme, there will likely be knock-on effects that result in positive outcomes against other themes. For example, investing in a project which contributes towards net zero emissions could then also improve opportunities and outcomes in the place in which that project is based and project investments will be taken forward with those aims at the forefront. We will prioritise investments that deliver improved outcomes against more than one, and preferably all three, themes.

The themes identified in the IIP mirror the key values of the National Islands Plan: fairness, integration, environmental protection (green) and inclusiveness. These are priorities that were identified by islanders themselves during an extensive consultation process in 2019.

The IIP also introduces a new **infrastructure investment hierarchy** to guide investment decisions. The hierarchy places an emphasis on using evidence to determine future infrastructure needs – an issue islanders have raised as important to them. It then supports maintaining, enhancing and re-purposing what we already have ahead of building new. The IIP is clear that the hierarchy alone will not solely determine which projects will be funded. However, it should help to reinforce positive behaviours around maximising the benefits from maintaining our existing assets where appropriate to do so. This should take into account asset obsolescence and poor condition, while ensuring we are reflective of local infrastructure needs, such as the different level of existing infrastructure in rural and island areas when compared to towns and cities.

In line with recommendations from the Infrastructure Commission for Scotland, we will develop a new, overarching **outcomes based assessment framework** across all infrastructure types to support system-wide, long-term trade-offs and choices with a focus on the twin objectives of net zero emission and inclusive economic growth. This will take time to develop but the IIP sets out a 5 year programme of improvements to support its development. For this current Plan, as recommended by the Infrastructure Commission for Scotland, we have used “the most appropriate methodology available” that prioritises, on a “no regrets” basis, the contribution to an inclusive net zero carbon economy.

A coherent approach that is rooted in fairness reflects our commitment to equality and human rights. The IIP recognises that every member of society has a right to live with dignity and to enjoy high quality public services wherever they live. Delivering on our ambition for a fairer Scotland starts at the local community level. Through this IIP we are committed to working with our partners to meet the diverse economic, social and environmental needs of urban, rural and island areas.

Where any negative impacts are identified for our island communities, we will seek to mitigate these and positively promote equality for all of Scotland’s island communities.

## Evidence base

The COVID-19 pandemic is primarily a public health emergency, but one that has created an economic crisis, impacting across all sectors of Scotland’s economy, business, workers and households. Losses as a result of a decrease in visitors and in tourism and reduced ferry capacity have already resulted in significant impacts, and it is likely that as well as having serious effects in the immediate and short term, they will also create scarring effects over a longer period.

The effects of the current COVID-19 recession are compounded by the potential impacts of the EU Withdrawal. Analysis<sup>1</sup> by the Scottish Government of the areas most vulnerable to negative impacts of the withdrawal from the EU (published in September 2019), showed that many of the communities most vulnerable to those impacts are on the islands. Around half of communities in the Shetland Islands, Comhairle nan Eilean Siar, Argyll and Bute and Dumfries and Galloway are amongst the most vulnerable communities in Scotland (20% most vulnerable datazones).

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<sup>1</sup> [Local level Brexit vulnerabilities in Scotland: Brexit Vulnerabilities Index \(BVI\) - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/local-level-brexit-vulnerabilities-in-scotland/brexit-vulnerabilities-index-bvi/pages/10)

The main reasons that these island communities are so at-risk are due both to long-term community issues such as depopulation and a poor balance of working age versus older age communities and poorer access to services. Also, withdrawal from the EU brings specific risks such as high proportions of the island workforce being employed in EU reliant industries.

Over the next 30 years strategic drivers such as shifts in Scotland's population – both where people live and how they live – as well as changes in the way technology is used, will influence investment decisions. Action to reduce greenhouse gas emissions and preparing for the changes that are likely to occur as a result of climate change must also be considered. All of these issues are important to islanders and are highlighted as such in the National Islands Plan.

Infrastructure will be vital to our Recovery and Renewal following the COVID-19 pandemic, providing opportunities to deliver multiple benefits for individuals and communities – such as new childcare and education facilities, affordable housing and improved connectivity with good digital infrastructure and public transport links reducing the barriers for job seekers and working parents. The Scottish Government uses its National Performance Framework to seek to examine and capture such outcomes, or benefits, as approaches are designed, or evaluated.

Currently, there is a lack of robust disaggregated socio-economic data at the island level, particularly publishable data. In the absence of objective measures at an islands level, there is a need to produce an alternate source of data that will measure the impact and effectiveness of the National Islands Plan in a consistent way. To help measure progress towards the objectives set out in the Plan, we are undertaking a National Islands Plan survey. The results will give us an indication of the impact and effectiveness of the Plan and help us shape future policy aims and interventions in island communities.

However, the Survey is not a direct substitute for a lack of statistical information, but rather, should complement such data when available. Consequently, taking into consideration the amount of research that would be necessary to fill the aforementioned data gaps, we will undertake a gradual approach to the amalgamation of island level data, which will take course over the first five years of the National Islands Plan.

More broadly, evidence around the difference in economic impact of projects during the construction phase is limited. There is, however, a difference in the impact of how such new facilities are used, and where they are located, and that is where future assessment might best focus.

## **Consultation**

We consulted on the Draft Infrastructure Investment Plan from September to November 2020. Respondents told us that it was important to ensure the diversity of Scotland and the socio economic nature of remote and rural island communities was recognised in the Plan. They also highlighted that development of our infrastructure appraisal framework and investment hierarchy approach should recognise the inequalities of rural, remote and island locations within Scotland . These findings also reflect the outcome of the Scottish Government's consultation in 2019 that informed the Scottish Government's National Islands Plan

Within that plan, the Scottish Government committed to consider the impacts on our island communities as we deliver infrastructure projects which support our transition to a net zero emissions economy while delivering inclusive economic growth and creating sustainable places.

The core purpose of the Islands (Scotland) Act 2018 and the National Islands Plan is to improve outcomes for island communities. Some of the key areas to achieve this can be supported and influenced by our investment in infrastructure; for example, increasing population levels (which was the number one priority for islanders during the 2019 National Islands Plan consultation process); improving and promoting sustainable economic development, environmental wellbeing, health and wellbeing, and community empowerment; improving transport services and digital connectivity; reducing fuel poverty; and enhancing biosecurity.

## Assessment

We recognise that islanders refer to the way society operates on an island as ‘integrated’ and that this means the way infrastructure is viewed, delivered and used can be different for our island communities than those on mainland Scotland. Islanders told us that no single aspect, be it transport, housing or health, operates in isolation. They are all reliant on one another and need to work together to achieve the best possible outcomes. They also need to be resilient to disruption, and able to cope with and recover from emergencies. The Infrastructure Investment Plan supports this coherent approach. The hierarchy and outcomes framework we are introducing supports decision making that recognises the individual needs of a place and the people who live there.

The plan recognises there are particular challenges for our island communities and specific funding for implementation of the infrastructure elements of the National Islands Plan has been committed to. This will be used to support improvements across a range of issues, including but not limited to:

- Improved transport and digital connectivity to enable inclusive economic growth, particularly in Scotland’s more remote and rural areas. Availability of good transport routes and access to good quality digital infrastructure is essential to improving the majority of other sectors on islands, including sustainable economic development, depopulation and health and wellbeing; and
- Supporting tourism’s sustainable growth. Scotland’s islands are a key part of the country’s attraction to visitors, and our investment in this area will help benefit island communities, to many of whom the industry is an important part of the local economy.

## Conclusion

It is critical that we harness the potential of infrastructure investment and test our national plans to ensure that they work for everyone, in a way that is founded in fairness and dignity, and which ensures that equality for our island communities is safeguarded. The responsibility for this will not rest solely with the Infrastructure Investment Plan but in the ways in which projects and programmes are delivered. By working with stakeholders and placing these values at the heart of our plans we can ensure that the unique needs of our island communities are recognised, respected and that advances in equality of opportunity are made.

All of the major projects and programmes contained in the Infrastructure Investment Plan will have been Impact Assessed or will be as they are developed. The Infrastructure Commission for Scotland recognised that the true benefits and impacts of infrastructure are very often seen over a long, often intergenerational horizon. The Commission recommended development of a long-term, overarching assessment framework across all infrastructure types to support system-wide, long-term trade-offs and choices. Scottish Ministers have accepted this recommendation although recognise it will take time to develop. The Infrastructure Investment Plan sets out a five year implementation programme showing how we will take forward these improvements over time and in advance of the next Plan in 2025. We will seek to ensure island impacts are considered and are embedded alongside fairness and equality in our new approach.

The Commission also recommended a body should be given the responsibility by the Scottish Government to provide independent, long term, evidence-based advice to Scottish Ministers on investment decisions for the social, economic and natural infrastructure needs and priorities required to deliver an inclusive net zero carbon economy. The Scottish Government feels further consideration on the right approach and application to the Scottish context is required. We will set out further details of the steps we will take to explore this in due course. However, we are clear that overall, in our forward programme of improvements to our approach to infrastructure, we will seek to optimise the opportunities for our island communities to participate in, and contribute to, our economic and social renewal.

## **Declaration**

**I am satisfied with the Island Communities Impact Assessment that has been undertaken for the Infrastructure Investment Plan 2021-22 to 2025-26 and give my authorisation for this statement to be published on the Scottish Government's website.**

**Name: Andrew Watson**

**Position: Director of Budget and Public Spending**

**Authorisation date: 8 March 2021**