

Minute

Policy and Resources Committee

Tuesday, 18 April 2023, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors James W Stockan, Heather N Woodbridge, Graham A Bevan, Stephen G Clackson, Alexander G Cowie, David Dawson, P Lindsay Hall, Rachael A King, Kristopher D Leask, W Leslie Manson, James R Moar, Raymond S Peace, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson, Ivan A Taylor, Mellissa-Louise Thomson, Owen Tierney and Duncan A Tullock.

Present via remote link (Microsoft Teams)

Councillors Steven B Heddle and John A R Scott.

Clerk

- Hazel Flett, Service Manager (Governance).

In Attendance

- Oliver D Reid, Chief Executive.
- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- James Wylie, Corporate Director for Education, Leisure and Housing.
- Gavin Mitchell, Head of Legal and Governance.
- Andrew Groundwater, Head of Human Resources and Organisational Development (for Items 1 to 4 and 11 to 13).
- Sweyn Johnston, Head of Enterprise and Economic Growth.
- Erik Knight, Head of Finance.
- Roddy Mackay, Head of Planning and Community Protection (Items 1 to 4).
- Kenny MacPherson, Head of Property, Asset Management and Facilities (for Items 1 to 10).
- Lorna Richardson, Head of Neighbourhood Services (for Items 1 to 10).
- Alison Skea, Service Manager (Organisational Development) (for Items 1 and 2).
- James Green, Team Manager (Marine Planning) (Items 1 to 4).

Observing

- Alex Rodwell, Head of Improvement and Performance.
- Kirsty Groundwater, Communications Team Leader (for Items 4 to 13).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor James W Stockan.

1. Disclosure of Exempt Information

The Committee noted the proposal that the public be excluded from the meeting for consideration of Items 9 to 12, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Elected Members – Political Skills Framework

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, together with an Equality Impact Assessment, copies of which had been circulated, and after hearing a report from the Service Manager (Organisational Development), the Committee:

Noted:

2.1. That the Continuous Professional Development Framework for Elected Members, including a 360-degree feedback process, adopted by the Council in April 2015, was no longer available.

2.2. That the Political Skills Framework, developed by the Improvement Service, provided a structured self-assessment process to assist individual members in identifying their learning and development needs forming their Personal Development Plan.

2.3. That the People Plan – Empowering Our People 2022 - 2026, adopted by the Council in July 2022, acknowledged the role of Political Leaders and the importance of collaborative leadership with officers and ensured their access to development through professional organisations.

2.4. That it was not mandatory for Elected Members to sign up to the Political Skills Framework and participation would be on a voluntary basis.

The Committee resolved to **recommend to the Council:**

2.5. That the Political Skills Framework, attached as Appendix 1 to this Minute, be approved as a self-assessment process for Elected Members who may wish to use it.

Councillor James R Moar joined the meeting during discussion of this item.

3. Corporate Risk Register

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Property, Asset Management and Facilities, the Committee:

Resolved to **recommend to the Council** that the updated Corporate Risk Register, as at April 2023, attached as Appendix 2 to this Minute, be approved.

4. Highly Protected Marine Areas – Consultation

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Planning and Community Protection, the Committee:

Noted:

4.1. That, through the Bute House Agreement, Scottish Ministers had committed to designate at least 10% of Scotland's seas as Highly Protected Marine Areas by 2026.

4.2. That Highly Protected Marine Areas formed part of the Scottish Government's commitment to tackle the twin biodiversity and climate crises in order to support the recovery and resilience of Scotland's marine environment.

4.3. That the Scottish Government carried out a public consultation between 12 December 2022 and 17 April 2023 to seek views and comments on the following draft documents, in order to help inform and shape Highly Protected Marine Area policy development:

- Draft Policy Framework.
- Site Selection Guidelines.
- Initial Sustainability Appraisal.
- Partial Island Communities Impact Assessment Screening Report.
- Partial Business and Regulatory Impact Assessment.

4.4. That the consultation, referred to at paragraph 4.3 above, did not identify Highly Protected Marine Area sites.

4.5. That the Scottish Government intended to formally consult separately on any specific Highly Protected Marine Area sites, which was likely to take place in 2025, before final designation of sites in 2026.

4.6. That, although the Council had requested an extension to the date for submission of consultation responses, the Scottish Government had advised that, as the consultation period had already been extended, no further extension was possible, although it was prepared to accept a response submitted on behalf of the Council no later than 18 April 2023.

4.7. The proposed updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, attached as Appendix 1 to the report by the Corporate Director for Neighbourhood Services and Infrastructure.

4.8. The Council's draft response to the Scottish Government's consultation on Highly Protected Marine Areas, attached as Appendix 2 to the report by the Corporate Director for Neighbourhood Services and Infrastructure.

Councillor Kristopher D Leask, seconded by Councillor Gwenda M Shearer, moved that:

- The proposed updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, as presented by officers, be approved.
- The response to the Scottish Government's consultation on Highly Protected Marine Areas, as drafted by officers, be approved.

Councillor P Lindsay Hall, seconded by Councillor David Dawson, moved an amendment that:

- The proposed updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, be amended to read as follows:

"The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland. In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
 - Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
 - The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
 - All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner."
- The draft response to the Scottish Government's consultation on Highly Protected Marine Areas, be amended to read as follows:

"In considering its response the Council is mindful of the significant contribution already being made by the Orkney Islands marine region (out to 12 nautical miles) to the provision of a healthy biodiverse marine environment, being home to a range of international and national designated sites. 25% of the Orkney Islands marine region is already designated as being of national or international conservation importance, with the most recent designations of marine Special Protection Areas covering Scapa Flow and North Orkney covering a total area of 529 km² being confirmed in February 2022.

The Council has engaged with the consultation and has significant concerns regarding how this policy initiative will be implemented and the potential for significant socio-economic impacts affecting Orkney communities.

Orkney Islands Council has adopted the following policy position:

The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland. In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
- Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
- The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
- All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner.

It is therefore the position of Orkney Islands Council that the proposal to designate an arbitrary figure of at least 10% of Scotland's seas as Highly Protected Marine Areas be opposed in its entirety.”.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Graham A Bevan, Stephen G Clackson, Alexander G Cowie, David Dawson, P Lindsay Hall, Steven B Heddle, Rachael A King, W Leslie Manson, James R Moar, Raymond S Peace, Gillian Skuse, James W Stockan, Ivan A Taylor, Mellissa-Louise Thomson, Owen Tierney, Duncan A Tullock and Heather N Woodbridge (17).

For the Motion:

Councillors Kristopher D Leask, John A R Scott, Gwenda M Shearer and Jean E Stevenson (4).

The Amendment was therefore carried and became the Motion.

Councillor Rachael A King, seconded by Councillor Jean E Stevenson, moved a further amendment, notice of which had been given, that:

- The proposed updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, be amended to read as follows:

“In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland.

- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
 - Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
 - The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
 - All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner.”.
- The draft response to the Scottish Government’s consultation on Highly Protected Marine Areas, be amended to read as follows:

“In considering its response the Council is mindful of the significant contribution already being made by the Orkney Islands marine region (out to 12 nautical miles) to the provision of a healthy biodiverse marine environment, being home to a range of international and national designated sites. 25% of the Orkney Islands marine region is already designated as being of national or international conservation importance, with the most recent designations of marine Special Protection Areas covering Scapa Flow and North Orkney covering a total area of 529 km² being confirmed in February 2022.

The Council has engaged with the consultation and has significant concerns regarding how this policy initiative will be implemented and the potential for significant socio-economic impacts affecting Orkney communities.

Orkney Islands Council has adopted the following policy position:

In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland.
- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
- Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
- The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
- All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner.

The Scottish Government, NatureScot and Joint Nature Conservation Committee (JNCC), as appropriate, must fully engage with the Council and affected stakeholders in accordance with this policy position.

It is welcomed that an aim of HPMA is to enhance the benefits that coastal communities and others derive from our seas. The Council policy position states that 'Where a proposed new designation would have significant adverse economic and/or social effects on local communities, its introduction will not be supported by the Council'. Accordingly, any HPMA proposals that would have significant adverse socio-economic impacts on Orkney communities, that cannot be satisfactorily mitigated, will be robustly opposed by Orkney Islands Council.

It is important that both the potential adverse socio-economic effects and benefits are fully considered as part of the HPMA identification, selection and designation processes. It is recognised that studies of existing highly protected marine areas have shown that they can result in significant conservation and ecosystem benefits and can significantly increase the abundance and diversity of marine life exported to surrounding areas. These 'spill over effects' have been shown to improve the productivity of commercial fisheries, including lobster and scallop, in adjacent waters. In terms of assessing socio-economic impacts of HPMA proposals, it is important that the cumulative effect of wider spatial squeeze on existing marine sectors is fully considered.

As no HPMA sites have been identified as part of the current consultation, it is not currently possible to confirm whether the HPMA process can be taken forward in a way that would align with the Council's policy position. It is of paramount importance that the Council and affected local stakeholders are fully engaged at all stages of the proposed six stage site HPMA selection, assessment and designation process.

The HPMA draft guidelines for site selection state that 'the legislation of HPMA and the application of these site selection guidelines will take account of socio-economic factors affecting the resilience and viability of marine industries, coastal communities and other stakeholders. As a result, some proposals may be screened out of further consideration during the selection process'. This statement is strongly supported and must be applied to avoid adverse socio-economic impacts on island communities when selecting HPMA sites.

The draft HPMA Policy Framework, para. 5.2, identifies areas to be excluded from HPMA selection as follows:

'Areas of national importance such as those earmarked for renewable developments (such as ScotWind and the Innovation and Target Oil and Gas (INTOG) leasing round areas and the areas of associated transmission infrastructure), existing active renewables and oil and gas infrastructure, existing ports and harbours, and some areas where defence activities are carried out. Also propose that existing active cables are excluded from the HPMA selection process'.

The exclusion of the areas stated in para. 5.2 from HPMA selection is supported by the Council. These excluded areas need to include the full extent of Statutory Harbour Areas (SHAs) as stated in the Orkney County Council Act 1974 (as amended), which includes (amongst others) Scapa Flow and Kirkwall SHAs and all internal ferry terminals. Orkney Harbours are identified in National Planning Framework 4 due to their national significant and role in supporting the 'Energy Innovation Development on the Islands' national development. Any proposed HPMA within Orkney Harbour Areas would be strongly opposed by Orkney Islands Council.

The definition of 'existing active renewables and oil and gas infrastructure' needs to be clarified. Existing active renewables sites should include wind, wave and tidal sites with an agreement for lease, a seabed lease, consented development and development currently being considered within the statutory consenting system. Existing active oil and gas infrastructure should include the whole of Scapa Flow due to the operation of the Flotta Oil Terminal and Ship to Ship transfer licenced sites within Scapa Flow, and the future potential of Scapa Flow in zero carbon fuels transition including the Future Fuels Hub delivered under the Islands Growth Deal.

The proposal to have no restrictions on the laying of new cables in relation to lifeline services to remote and island communities, such as, for example, power distribution cables or cables related to broadband/telecommunication services, is strongly supported by Orkney Islands Council.

The proposal to have no restrictions on the transit of ships and ferries in HPMAs is strongly supported, though it is recognised that this principle is already established under United Nations Convention on the Law of the Sea (UNCLOS).

In terms of key economic sectors of relevance to Orkney, the Council is particularly concerned regarding the potential impact on the aquaculture and the wave and tidal renewable energy generation sectors.

Salmon farming and has been established in Orkney for many years, providing significant employment and wider socio-economic benefits. The proposals to exclude aquaculture of any form within HMPAs and require any existing farms within the new designation to relocate, is likely to have significant implications for local businesses and communities, particularly in our more remote and economically fragile locations.

Orkney waters are amongst the most energy-rich localities in Europe with significant wave and tidal renewable energy resources and Orkney is a global leader in wave and tidal energy research and development. Whilst the intention to exclude existing wave and tidal sites, other consented sites, together with those identified in draft or adopted plans from the HPMA selection process is welcomed there is a fear that there are many other projects that have not reached this stage in development which will be curtailed.

The HPMA Policy Framework sets out a six Stage process for stakeholder engagement. It is critical that the Council are fully engaged throughout this process to ensure that island interests are fully considered by Scottish Government. It is welcomed that the consideration of socio-economic impact will be a critical step in the HPMA designation process, particularly at Stage 4: Shaping HPMAs. In accordance with the priorities in the National Plan for Scotland's Islands, particularly Strategic Objective 2 to improve and promote sustainable economic development, the Council emphasises the importance of protecting island communities from any significant adverse socio-economic impacts associated with HPMAs.

Orkney Islands Council welcomes that the HPMA designation process is different to the recent marine Special Protection Area designation process, which could not take socio-economic considerations into account due to European case law. The Council therefore emphasises the importance of the Scottish Government exercising its discretion to avoid adverse socio-economic impacts on Orkney communities in relation to HPMAs.

The partial Island Communities Impact Assessment (ICIA) Screening Report has identified a number of possible impacts for island communities. It states that the ICIA screening determination cannot be completed until after a suite of proposed HPMA's are identified. It is welcomed that the Scottish Government intend to seek perspectives from those with direct experience of island life in order to determine whether there are significantly different impacts for island communities. Orkney Islands Council, and other affected stakeholders in Orkney, should be fully engaged in the ICIA and wider designation processes to ensure that adverse effects on Orkney communities are avoid or effectively minimised. The Council should be consulted by Scottish Government to identify local stakeholders that could be affected by any HPMA site proposals.

Should HPMA's proceed, it will be essential to effectively monitor whether the stated HPMA aims are being achieved. This monitoring will require significant resources for the Scottish Government, NatureScot and JNCC. After an adequate monitoring phase, if a HPMA fails to meet these objectives, the site should be considered for de-designation. The legal provisions for HPMA designation should enable this approach including the revocation of designation, where appropriate.

It is therefore the position of Orkney Islands Council that the proposal to designate an arbitrary figure of at least 10% of Scotland's seas as Highly Protected Marine Areas be opposed in its entirety."

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, Alexander G Cowie, Rachael A King, Kristopher D Leask, John A R Scott, Gwenda M Shearer, Jean E Stevenson, Ivan A Taylor and Heather N Woodbridge (9).

For the Motion:

Councillors Graham A Bevan, David Dawson, P Lindsay Hall, Steven B Heddle, W Leslie Manson, James R Moar, Raymond S Peace, Gillian Skuse, James W Stockan, Mellissa-Louise Thomson, Owen Tierney and Duncan A Tullock (12).

The Motion was therefore carried and the Committee thereafter:

Resolved to **recommend to the Council:**

4.9. That the updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, attached as Appendix 3 to this Minute, be approved.

4.10. That the response to the Scottish Government's consultation on Highly Protected Marine Areas, attached as Appendix 4 to this Minute, be approved.

4.11. That the Corporate Director for Neighbourhood Services and Infrastructure should immediately submit the response to the Scottish Government, on behalf of the Council, in relation to the consultation on Highly Protected Marine Areas.

4.12. That, due to the timescale constraints involved, the Chief Executive be requested to exercise emergency powers to authorise submission of the response, referred to at paragraph 4.10 above, prior to approval by Council.

5. Pension Fund Sub-committee together with Pension Board

After consideration of the draft Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 15 February 2023, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 15 February 2023, attached as Appendix 5 to this Minute, as a true record.

6. Investments Sub-committee

After consideration of the draft Minute of the Meeting of the Investments Sub-committee held on 16 February 2023, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor Rachael A King, to approve the Minute of the Meeting of the Investments Sub-committee held on 16 February 2023, attached as Appendix 6 to this Minute, as a true record.

7. Human Resources Sub-committee

The Committee noted that this item had been withdrawn and would be considered at the General Meeting of the Council to be held on 3 May 2023.

8. Exclusion of Public

On the motion of Councillor James W Stockan, seconded by Councillor Heather N Woodbridge, the Committee resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

9. Proposed Salt Storage Facility

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 8 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Neighbourhood Services, the Committee:

Noted:

9.1. That, on 21 December 2021, the Policy and Resources Committee recommended the allocation of one-off funding towards a series of projects considered to provide recovery prospects from the COVID-19 pandemic, including an allocation of £500,000 towards the provision of a salt storage facility, potentially located at Cursiter Quarry.

9.2. That, on 23 November 2022, when considering the Stage 2 Capital Project Appraisal in respect of a proposed new salt storage facility, the Policy and Resources Committee recommended:

- That the Stage 2 Capital Project Appraisal in respect of the proposed salt storage facility at Cursiter Quarry, attached as Appendix 4 to the Minute, be approved.
- That, as an exception to the Capital Project Appraisal process, in order to manage storage conditions for salt to meet national road safety standards, the proposed salt storage facility at Cursiter Quarry be added to the capital programme for 2023/24 onwards, at a gross capital cost of £500,000, funded by the allocation of one-off funding referred to at paragraph 9.1 above.

The Committee resolved to **recommend to the Council**:

9.3. That the existing provision within the General Fund capital programme, in respect of the proposed salt storage facility at Cursiter Quarry be increased, to be funded by a contribution from the Capital Fund.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

10. Place Based Investment Programme

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 6, 8 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Corporate Director for Enterprise and Sustainable Development, copies of which had been circulated, and after hearing a report from the Head of Enterprise and Economic Growth, the Committee:

Noted:

10.1. That the 2020 Programme for Government committed to establishing a Place Based Investment Programme, with Scottish Government and Council Leaders agreeing that Local Government would receive a share of the funding over five years to support and advance place based investment.

10.2. That the Chief Executive exercised emergency powers to determine use of the Council's 2022/23 allocation from the Place Based Investment Programme.

10.3. That, as greater notice was expected in respect of the 2023/24 allocation from the Place Based Investment Programme, proposals would be brought forward in due course.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

Councillor P Lindsay Hall left the meeting at this point.

11. Orkney Harbours Infrastructure – Update

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 6, 8 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, the Committee:

Noted:

11.1. The intent to develop a Deep Water Quay in Scapa Flow and an Orkney Logistics Base at Hatston as “shovel-ready” projects by December 2023/early 2024.

11.2. That development of a new quay in Scapa Flow and an Orkney Logistics Base at Hatston were National Developments in terms of the Scottish Government’s National Planning Framework 4, together with the implications for the Council’s planning process in determining planning applications for projects that were National Developments.

11.3. That applying for planning permission was an integral part of developing projects to a state of shovel-readiness and that planning applications would be submitted on or soon after 28 April 2023 in respect of the Orkney Logistics Base at Hatston and by 30 June 2023 in respect of Scapa Deep Water Quay.

11.4. That alternative options were being examined in order that a full options appraisal of the opportunities for a Deep Water Quay in Scapa Flow could be undertaken.

11.5. That dedicated Deep Water Quay provision through the Scapa Deep Water Quay project was one of a number of projects currently being developed and worked on by the Council, that could contribute to supporting a range of operational and business uses related to shipping, marine development, offshore wind, offshore decommissioning activities and current and future energy developments which, combined, could support the economy and communities of Orkney in a sustainable way.

11.6. That, should a strong business case not be in place to support the capital costs of progressing the Scapa Deep Water Quay project beyond December 2023, including elements required to deliver ongoing revenue, social and economic benefits for the Council and communities of Orkney, Council would be recommended to mothball the project at the "shovel-ready" stage, incurring no further significant expenditure and undertaking no further development work until a suitable business case was secured.

11.7. That, as there remained uncertainty over confirmed business requirements at this stage, further options for development and provision of key harbour infrastructure, including a floating quay, either as new build provision or through development of existing resources, for example at Lyness or more widely in Scapa Flow or within Orkney Harbours’ jurisdiction, were being actively considered as options to ensure that the capacity and opportunities they could offer to businesses were fully understood as future business requirements and timelines were firmed up, particularly in relation to floating off-shore wind developments.

11.8. That the Corporate Director for Enterprise and Sustainable Regeneration would take forward the final work required to bring the Scapa Deep Water Quay project to a "shovel-ready" stage by December 2023/early 2024, in line with previously agreed budgets and timescales, including securing the relevant planning consents required.

11.9. That the Corporate Director for Enterprise and Sustainable Regeneration would conclude development of the final business case documentation for Scapa Deep Water Quay, required by potential external funders such as Scottish and UK Governments, to allow relevant funding applications to be submitted in line with funders’ timescales, and to support development of an Orkney Islands Council business case and options appraisal.

The Committee resolved to **recommend to the Council:**

11.10. To contribute funding from the Scapa Flow Development budget towards an independent assessment, to be commissioned by Highlands and Islands Enterprise, of the development potential and need for increased deep-water quay capacity in the north of Scotland.

11.11. That the Corporate Director for Enterprise and Sustainable Regeneration should produce an Orkney Islands Council final business case for the Scapa Deep Water Quay and the Hatston Logistics Base, which included a wider analysis of the environmental, social and economic impact of the proposed projects on the local and wider communities of Orkney and the contribution that any development would make to supporting the Council's sustainable revenue position in future years, to ensure that this information was available to elected members in advance of any decision being required to proceed with project implementation.

11.12. That powers be delegated to the Chief Executive, in consultation with the Strategic Projects Project Board and the Corporate Director for Strategy, Performance and Business Solutions, to lead on public communications for the harbour infrastructure projects, including the appointment of an independent project Champion, to be funded from within existing project budgets or the Scapa Flow Development budget.

11.13. That powers be delegated to the Chief Executive, in consultation with the Strategic Projects Project Board and the Corporate Director for Enterprise and Sustainable Regeneration, to appoint expert specialist advice or project management capacity, to be funded from within existing project budgets or the Scapa Flow Development budget.

11.14. That the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration should continue engagement with relevant businesses and the local supply chain, Highlands and Islands Enterprise, UK and Scottish Governments to ensure that all parties were aware of the current progress with all relevant harbour infrastructure developments and had the opportunity to contribute to supporting development of the business cases required to progress individual projects further.

11.15. That, going forward, financial oversight reporting on development of the harbour infrastructure projects be included in the regular financial monitoring reports presented to the Policy and Resources Committee.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

Councillor John A R Scott left the meeting during discussion of this item.

12. Asset Management Sub-committee

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 7A of the Act.

After consideration of the draft Minute of the Meeting of the Asset Management Sub-committee held on 21 March 2023, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Asset Management Sub-committee held on 21 March 2023, attached as Appendix 7 to this Minute, as a true record.

13. Conclusion of Meeting

At 14:50 the Chair declared the meeting concluded.

Signed: James W Stockan.