

<b>Committee</b>	UHI North, West and Hebrides Finance and General Purposes Committee
<b>Subject</b>	Business Development – Islands Centre for Net Zero
<b>Action requested</b>	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input checked="" type="checkbox"/> For recommendation <input type="checkbox"/> For endorsement <input type="checkbox"/> For approval
<b>Summary of the paper</b>	The purpose of this paper is to seek approval for UHI North, West and Hebrides to enter in to a Memorandum of Understanding with Comhairle nan Eilean Siar and Community Energy Scotland for the Outer Hebrides element of the Islands Centre for Net Zero (ICNZ) project.
<b>Resource implications</b>	This project is fully funded as outlined in the attached document and there are no direct resource implications for UHINWH other than a small amount of staff time to engage in partnership meetings.
<b>Risk implications</b>	There is a risk that we are unable to deliver on our elements of the project and need to ensure that the funded manager and R&D post are supported to deliver as per the project plan
<b>Date paper prepared</b>	August 2023
<b>Date of Board / Committee meeting</b>	23/08/23
<b>Author</b>	Joe MacPhee with support from Debbie Miller
<b>Link with strategy</b> Please highlight how the paper links to the Strategic Plan	The project links directly to the draft strategy for new areas of curriculum growth and new business development as well as partnership working.
<b>Island communities</b>	The rural and islands college merger may have an impact on the Western Isles and islands covered by West Highland College that is different to other communities. As part of the merger process, the University will undertake an Island Communities Impact Assessment.
<b>Status</b> (e.g., confidential, non-confidential)	Non confidential
<b>Freedom of information</b>	Yes

<b>Consultation</b> How has consultation with partners been conducted?	Consultation has been ongoing from project inception through to approval of the project with stakeholders as outlined in the attached document
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## **RECOMMENDATION**

It is recommended that the UHI North, West and Hebrides Finance and General Purposes Committee:

- a) agree to recommend to the Board that UHI North, West and Hebrides become a formal partner in the Islands Centre for Net Zero Outer Hebrides project; and
- b) agree to the terms of the Memorandum of Understanding and to the specific responsibilities set out at section 3.2.

## **ISLANDS CENTRE FOR NET ZERO OUTER HEBRIDES PROJECT**

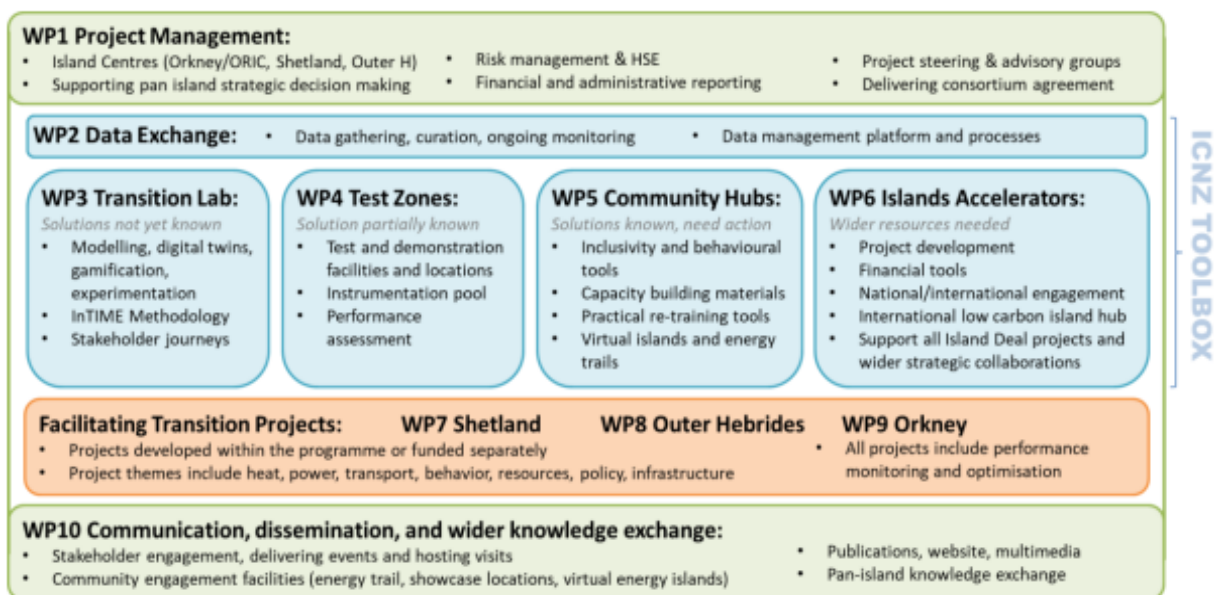
### **INTRODUCTION**

- 1.1 The Islands Centre for Net Zero (ICNZ) is a pan-island distributed innovation centre that will support Orkney, Shetland and the Outer Hebrides to become lighthouse communities in the energy transition by exploring, trialling and accelerating solutions to decarbonisation that have replicability and application worldwide.
- 1.2 Over the next ten years ICNZ will deliver an integrated cross-sectoral energy transition programme, involving businesses, universities, communities, and the public sector in accelerating our islands transition to decarbonisation while generating additional GVA and green jobs for the islands.
- 1.3 The ICNZ will deliver:
  - Ten percent average reduction per year in carbon emissions for all three island groups over the next ten years
  - Sustainable “green” jobs within the islands for 300 people
  - Eight times the impact from the Islands Growth Deal investment over the longer term through match funding and generation of new revenue streams
  - Significant added value to other low carbon future projects and other Islands Deal strands, ensuring decarbonisation impact across the whole programme
- 1.4 The Centre will be both a physical and a virtual network of locations, employing skilled people living and working across the islands, operating from bases in Shetland, the Outer Hebrides, and Orkney and coordinated from the Orkney Research and Innovation Campus (ORIC). Islands Deal funding will cover the cost of establishing the core Centre facility and its toolbox (the Transition Lab, Data Exchange, Demonstration Zones, Community Hubs), flagship transition projects and project development team to support the innovations and actions that arise from the Centre.
- 1.5 ICNZ will be delivered through a series of work packages:
  - **Work Packages 1, 6 & 10 – Project Management, Island Accelerator, Communication (£2.3M)** are focused on administration and management of the project, knowledge exchange and communications, raising additional funds and leveraging the capabilities of the key ICNZ tools and resources for specific transition projects.
  - **Work Package 2 - Data Exchange (£0.9M)** is a state of the art computing, database, knowledge transfer and simulation visualisation facility. The Data Exchange will be located within the ICNZ Centre in Orkney, with local access points in the Shetland and Outer Hebrides ICNZ Centres where the main data, knowledge sharing and simulation facilities can be connected. This will hold the carbon measurement and reporting tools for all three islands.
  - **Work Package 3 - Transition Lab (£1.1M)** is where the focus will be on identifying solutions that are not currently known. This will be based around the development of a comprehensive modelling and community planning capability in all three islands. Costs include the design, specification, procurement, equipment, and operation of the Transition Lab over the first 5 years, but the facilities and capabilities will continue into the following 5 years upon successful funding being raised.
  - **Work Package 4 – Test / Demonstration Zones (£1.9M)** will form around field sites in partnership with host organisations that are used for testing and trialling technologies or innovative approaches to decarbonisation. These will tend to focus on partially known solutions and take advantage of facilities such as the four EMEC sites based in Orkney and the community and Local Authority managed activities across the Island groups.
  - **Work Package 5 - Community Hubs (£0.9M)** represent a network of facilities hosted in existing community anchor organisations across our island communities. They will serve as open and independent knowledge,

toolkit and support resources, and points of contact and access, to allow organisations and individuals the resources needed to research, organise and undertake inclusive decarbonisation actions within their own communities.

- **Work Packages 7, 8 & 9 - Transition Projects in Shetland, Orkney and the Outer Hebrides (£9.4M)** will be developed out of the ICNZ processes. The capital investment in these projects has a ramp-up period and the investments will facilitate energy transition projects worth significantly more than the Islands Deal funded investment. As successful transition projects are carried out the team will work with a range of partners to replicate and scale up the solutions.

1.6 A summary of the work packages is shown below:



- 1.7 The Islands Centre for Net Zero will be supported with joint investment of up to £16.5 million from the UK Government and Scottish Government (UKG £16 million/SG £0.5 million).
- 1.8 A copy of the Full Business Case (FBC) is provided in the reading room. So far, approval of £8,178,250 has been secured from UK Government and Scottish Government.

## **ICNZ IN THE OUTER HEBRIDES**

- 2.1 The ICNZ in the Outer Hebrides is a partnership between Comhairle nan Eilean Siar, Community Energy Scotland and formerly, UHI Outer Hebrides.
- 2.2 A total £5m has been allocated to the Outer Hebrides project of which £1.1m has already been approved (see 2.8 above).
- 2.3 A draft Memorandum of Understanding (MoU) between the partners has been prepared by Comhairle nan Eilean Siar (lead partner and accountable body) and is attached for information. Section 3.2 details the role of the College.
- 2.4 A breakdown of the ICNZ Outer Hebrides Budget is also attached to the MoU and provides further details on the sums allocated to each of the partners.
- 2.5 An ICNZ Outer Hebrides Manager has been appointed by Community Energy Scotland to manage the delivery of the project and to ensure synergies with the other parts of the wider ICNZ project.
- 2.6 UHI Outer Hebrides has been earmarked a total of £441k to support delivery of the local 'toolbox' and for the appointment of a Research and Development Co-ordinator for 5 years.
- 2.7 In addition to the above, it is proposed that the project is based at the Outer Hebrides Stornoway Campus which will generate additional income.
- 2.8 The project budget includes unallocated capital sums of £3.9m which will be used as leverage for other capital funding sources. A concurrent report on the proposed Creed Hydrogen Skills and Innovation Centre provides further information on the allocation of £464k to match fund a successful bid to the Emerging Energy Technologies Fund (EETF) under the Scottish Hydrogen Innovation Scheme 2022/23.

## **FINANCIAL IMPLICATIONS**

- 3.1 There is no direct funding contribution required for the project.
- 3.2 UHI North, West and Hebrides will receive income from the lease of office space for the management of the Outer Hebrides ICNZ project. Details are currently being discussed.
- 3.3 Delivery of the UHI elements of the project will require careful consideration of cashflow management arrangements given the quarterly claims in arrears process as stated in the MoU.

## **CONCLUSION**

- 4.1 The ICNZ Outer Hebrides project will
  - complement the Campus Redevelopment project as a centre of excellence to support green energy skills, training and research that will benefit the merged college region and communities within the islands;
  - support the delivery of our draft Curriculum Strategy priority areas of rural sustainability and net zero (renewables, wind energy, and green hydrogen);
  - align research to inclusive green economic growth
  - Focus on the skills and expertise needed for the future
  - Inspire young people to be ambitious, resilient and enterprising