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Liam McArthur MSP & Tavish Scott MSP
By Email

29 January 2018

Dear Liam and Tavish

Thank you for your continued positive engagement in respect of the budget process.

In advance of our conversation this afternoon I thought it would be helpful to provide you with details on the quantum and mechanism for addressing the issue of ferry funding for Northern Isles councils.

I am pleased to be able to confirm that following my discussions with Councillors at Orkney and Shetland last week and dialogue at official level on Friday 26 January that I am now in a position to provide additional dedicated resource support in financial year 2018-19 for the Orkney and Shetland internal ferry services.

This will be achieved through additional resource support of £5.5 million for Orkney Islands Council and £5.0 million for Shetlands Islands Council. Councillors and Council officials have indicated that they are content with this proposal for financial year 2018-19.

These ring-fenced resource grants would be administered by Transport Scotland but form part of the overall local government finance settlement for 2018-19. I therefore intend to take this forward through the Budget Bill process and will commit to this at Stage 1 and bring forward an amendment to the budget to make this change.

I can also confirm that my officials have discussed arrangements for future on-going dialogue with Council officials who have indicated that they are content for this to be taken forward through the established Working Group, with appropriate Ministerial oversight, with a view to establishing mutually acceptable solutions.

A handwritten signature in black ink, appearing to read 'Derek Mackay', is positioned above the printed name.

DEREK MACKAY