

Sectoral Marine Plan for Offshore Wind Energy – Final Islands Communities Impact Assessment

October 2020



Scottish Government
Riaghaltas na h-Alba
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Title of Plan/Strategy:	Sectoral Marine Plan for Offshore Wind Energy (“the Plan”).
Summary of aims and expected outcomes of the Plan:	<p>The Plan provides the spatial framework to enable the Crown Estate Scotland seabed leasing round (‘ScotWind’) for commercial-scale offshore wind energy.</p> <p>The Plan focusses on offshore wind energy development out to 2050 and aims to identify the most sustainable areas for future commercial-scale offshore wind energy development in Scottish waters.</p> <p>The Plan constitutes a strategic framework, which will be implemented by subsequent leasing, licensing and consenting decisions. It is not possible to predict the level of future development within the identified Plan Options, which is reliant on the leasing, licensing and consenting regimes, as well as commercial and technological considerations, which are outwith the control of the Plan.</p> <p>The draft Plan and Sustainability Appraisal reports were published to allow consultation on the following:</p> <ul style="list-style-type: none"> • The draft Sustainability Appraisal (“SA”) (comprising Strategic Environmental Assessment (“SEA”), Socio Economic Impact Assessment (“SEIA”) and Habitats Regulations Appraisal (“HRA”)) reports which assess the potential impacts of the draft Plan Options; • Draft Regional Locational Guidance (“RLG”), to support further spatial planning and inform project-level site selection and assessment; • The 17 identified draft Plan Options; and • Plan policies regarding future development of offshore wind energy within the draft Plan Options identified. <p>Public consultation on the draft Plan and Sustainability Appraisal took place between 18 December 2019 and 25 March 2020. A total of 443 responses were received and these are summarised in the Consultation Analysis Report.¹ Full copies of consultation responses (where permission has been granted to publish these) are available online.²</p> <p>The outputs of the consultation exercise have been used to inform the development of the final Plan and the selection of final Plan Options. Two draft Plan Options were not chosen to progress as</p>

¹ Scottish Government, *Draft Sectoral Marine Plan for Offshore Wind Energy (2019): consultation analysis report* (July 2020). Available at: <https://www.gov.scot/publications/draft-sectoral-marine-plan-offshore-wind-energy-2019-consultation-analysis-report/>

² https://consult.gov.scot/marine-scotland/draft-sectoral-marine-plan-for-offshore-wind/consultation/published_select_respondent

	<p>final Plan Options and amendments were made to the boundaries of 7 draft Plan Options to address comments raised during the consultation process. A summary of the changes between the draft and final Plans is provided in the Post Adoption Statement.³</p>
<p>Screening – is the Plan likely to have an effect on an island community which is significantly different from its effect on other communities?</p>	<p><u>Scale and likelihood of impacts</u></p> <p>As outlined above, it is difficult to quantify the potential impacts of the Plan on all communities, including island communities, as further development is subject to a range of other considerations outside the Plan’s sphere of influence. For example, it is not anticipated that all of the Plan Options included in the Final Plan will be developed to their full capacity and some Plan Options may not be developed at all. It is not possible to forecast what type of technology will be deployed within draft Plan Options.</p> <p>Therefore, assessment has been undertaken using a range of scenarios and negative impacts have been assessed using a range of worst case scenarios per receptor (e.g. highest negative economic impacts in relation to displacement from fishing grounds).</p> <p><u>Location of impacts</u></p> <p>A number of draft Plan Options have been identified which are located close to island communities (as defined in Part 1 of the 2018 Act), or in areas from which island communities derive economic and other benefits. It is likely, therefore, that differential impacts on island communities may occur.</p> <p>Draft Plan Options were identified within the “Scottish island marine area”, as defined in Part 6 of the 2018 Act. An Islands Communities Impact Assessment (“ICIA”) was therefore required to consider the impacts of those draft Plan Options located within Scottish island marine areas. Figure 1 below details the island communities considered in this assessment. These islands have been identified using the boundary figures provided by National Registers of Scotland (“NRS”). These NRS boundaries differ slightly from the definition of the Scottish island marine area included in Part 6 of the 2018 Act (which defines it as being adjacent to an island and up to 12 nautical miles (“nm”) from that island when measured from the low water mark of the ordinary spring tide) due to a slightly different coastline in the available data.</p> <p>Further, a precautionary approach has been taken to incorporate sites which fall within a 500 m radius of this 12 nm zone (thus</p>

³ Available here: <https://consult.gov.scot/marine-scotland/draft-sectoral-marine-plan-for-offshore-wind/>

incorporating sites NE1 and N1), this accounts for any data errors and to ensure that this assessment is in keeping with the spirit of the 2018 act as NE2 and N1 sit just beyond the 12 nm. Whilst site N3 falls 2 km outside the 12nm buffer zone, this site has also been included in the ICIA due to potential impacts on the island community of Lewis and to ensure that this assessment has been undertaken in a manner consistent with the spirit of the 2018 Act.

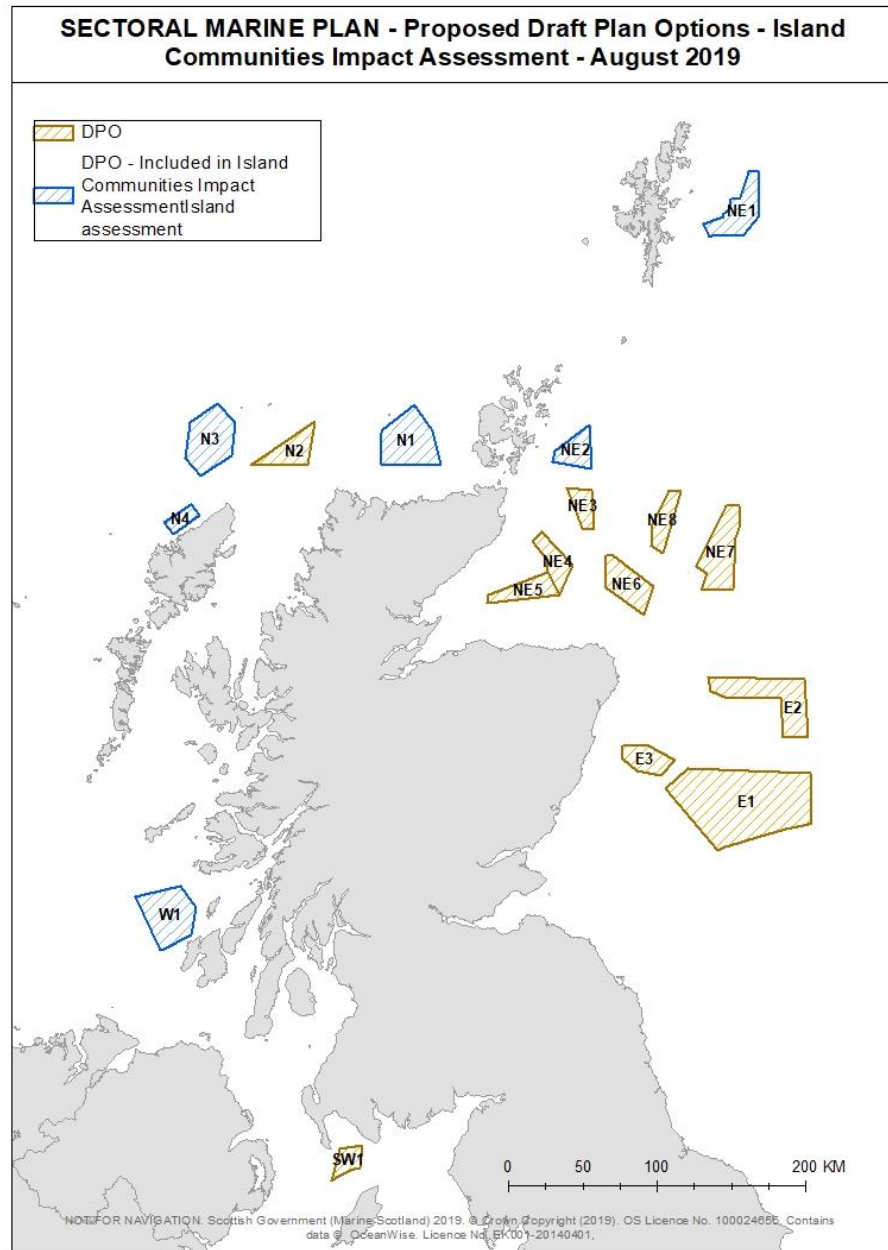


Figure 1 Draft Plan Options – detailing those included within this assessment (August 2019)

Links to the 2018 Act and improvement outcomes

The Plan will link to the achievement of the aims of the National Islands Plan. The National Islands Plan (2019) will be required to

	<p>set out the main objectives and strategies for the improvement of outcomes for island communities that result from, or are contributed to by, the carrying out of functions of a public nature. These outcomes are set out at section 3(3) of the 2018 Act and include;</p> <p><i>“a) increasing population levels, b) improving and promoting – (i) sustainable economic development, (ii) environmental wellbeing, (iii) health and wellbeing, and (iv) community empowerment ... f) ensuring effective management of the Scottish Crown Estate... g) enhancing biosecurity (including protecting islands from the impact of invasive non-native species).”</i></p> <p>These outcomes will be impacted by the development of offshore renewable energy within the Plan Options identified in the final Sectoral Marine Plan for offshore wind energy.</p> <p>Development under the Sectoral Marine Plan may also link to the introduction of new powers introduced by Part 6 the 2018 Act, which allows Scottish Ministers to establish a scheme to licence development adjacent to, or within, 12 nautical miles of an island, in respect of designated island licensing areas. Areas may be designated only on application to a local authority. These powers broadly reflect the powers to licence development works which are currently available in Orkney and Shetland through private Acts of Parliament. If any such licence is granted, the person will have to carry out the activity in compliance with the terms set out by the respective local authority. Project proponents for development under the Plan will be expected to engage with potentially impacted island communities as early as possible in the development process.</p> <p>The proposed location of the Sectoral Marine Plan Options are likely to have differential impacts on certain island communities. The islands duties under sections 7, 8 and 13 of the 2018 Act are therefore applicable and an islands communities impact assessment is required.</p> <p><i>Empowering Scotland’s Island Communities</i>⁴ sets out the Scottish Government’s ambitions for island communities going forward and referencing the, <i>“long-standing objective for Scottish islands, with their rich natural resources, to participate fully in the growth of renewable energy generation in Scotland.”</i> Further, the National</p>
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⁴ Scottish Government Island Areas Ministerial Working Group, *Empowering Scotland’s island Communities* (June 2014).

Planning Framework prioritises the infrastructure required to “unlock the islands’ renewable energy potential”. This further demonstrates the link between the Sectoral Marine Plan and potential impacts on island communities. Plans and policies impacting the energy system are likely to have differential impacts on island communities by virtue of issues surrounding grid transmission and connection, fuel poverty and community ownership.

Summary of information gathered and consultation feedback to date:

The sectoral marine planning process

The sectoral marine planning process (as shown in Figure 2) is an iterative process, which has involved intensive technical planning work and extensive stakeholder engagement.

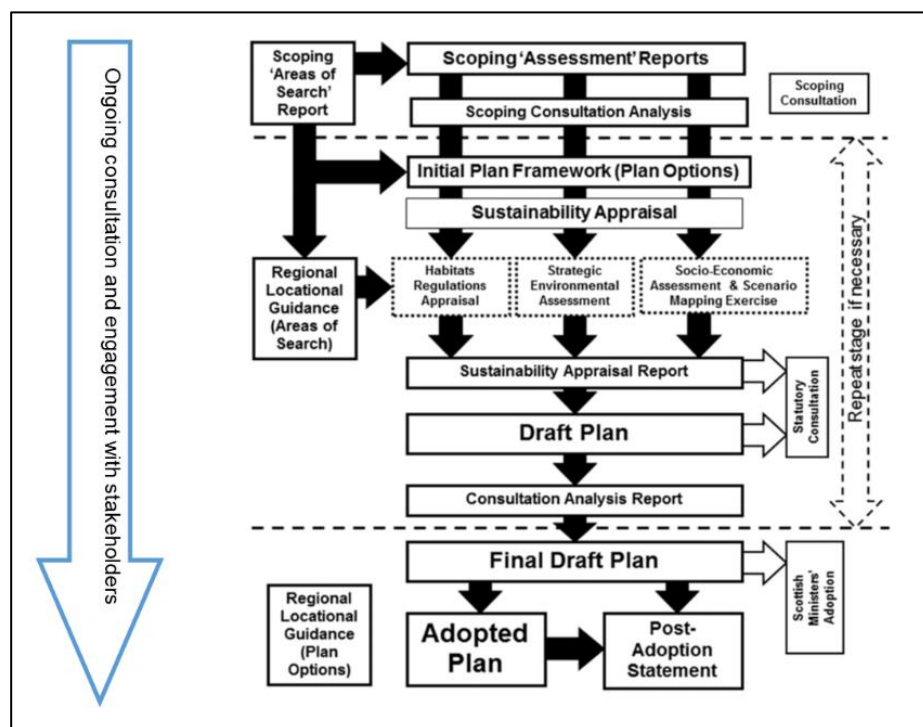


Figure 2 Sectoral marine planning process

The key stages of the planning process in relation to the identification of the Draft Plan Options are:

1. Opportunity and Constraint (O&C) Analysis – Iteration 1
2. Opportunity and Constraint (O&C) Analysis – Iteration 2 - Single Issue Constraint Analysis
3. Scoping Consultation
4. Opportunity and Constraint (O&C) Analysis – Iteration 3
5. Identification of Draft Plan Options
6. Next Steps

	<p>Two cross-sectoral Steering Groups have been formed to support the planning process and provide expert guidance, including representation from the fisheries, renewables and natural heritage sectors and Highlands and Islands Enterprise.</p> <p>1. Opportunity and Constraint (O&C) Analysis – Iteration 1</p> <p>The identification of initial Areas of Search (AoS) was carried out through the use of an O&C analysis.⁵ It built upon previous work carried out by Marine Scotland Science in 2011⁶ and the production of draft regional locational guidance for potential deep water floating offshore wind test sites in 2014.⁷ The analysis was iterative, so updates could be incorporated as required in order to reflect stakeholder feedback.</p> <p>Full details of the O&C analysis can be found in the AoS scoping report published for consultation in 2018.⁸ The O&C analysis sought to identify areas of opportunity for the future development of offshore wind, whilst also identifying areas that minimised potential negative impacts to the environment, other sectors and users of the sea. This analysis was completed through the use of GIS and numerous spatial data resources.</p> <p>2. Opportunity and Constraint (O&C) Analysis – Iteration 2</p> <p>Sectoral engagement workshops were held in spring 2018. The AoS were then refined with consideration to specific spatial issues and feedback from the workshops.</p> <p>This refinement process identified a range of distinct AoS. As the draft Plan is technology neutral, no commercial or technology specific information was used in this refinement process.</p> <p>3. Scoping Consultation – Screening and Scoping Reports</p> <p>Scottish Ministers then consulted on the screening and scoping stages of the Plan process during June and July 2018. Screening and scoping reports were prepared and published online for the SEA, HRA and SEIA alongside the AoS scoping study.</p> <p>Comhairle nan Eilean Siar provided detailed comments on the implications of further offshore wind development, advising that the Plan would need to take into account the implications of Part 6</p>
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⁵ <https://www.gov.scot/publications/scoping-areas-search-study-offshore-wind-energy-scottish-waters-2018/>

⁶ Davies, I. M. and Watret, R. (2011) Scoping Study for Offshore Wind Farm Development in Scottish Waters. Scottish Marine and Freshwater Science Vol 2 No 13. Available at: www.gov.scot/Publications/2011/11/28104658/0

⁷ <https://www2.gov.scot/Topics/marine/marineenergy/Planning/DRLG>

⁸ <https://www.gov.scot/publications/scoping-areas-search-study-offshore-wind-energy-scottish-waters-2018/>

of the 2018 Act coming into force and the enactment of the Scottish Crown Estate Bill (as was, now the Scottish Crown Estate Act 2019), advising that the SEIA will provide a useful baseline for this process. Opportunities for the deployment of floating offshore wind technology off the Outer Hebrides were welcomed.

Comhairle nan Eilean Siar stated that “there is strong community support for marine energy development around the islands” and that it should not be automatically assumed that development in the area landward of the IMO Shipping Route would be deemed unacceptable on visual impact grounds without further consultation with the potentially impacted communities. This feedback has been considered and this assumption was discussed and tested via consultation in late 2019/early 2020. Feedback during consultation did not indicate any substantial difference of opinion and was in fact confirmed by several parties.. Opportunities for community ownership of renewable energy developments were also highlighted by Comhairle nan Eilean Siar.

Other respondents highlighted potential negative impacts on recreational boating as a result of development. Higher costs associated with grid connections for islands were highlighted as a potential barrier to deployment and development. The importance of communication with the island Local Authorities was highlighted by respondents, to ensure that the right framework is in place to enable the successful delivery of the Plan.

Respondents also highlighted that Community Benefit, by way of transfer of a portion of energy generation to island communities, may be possible where offshore export cables make landfall on an island. There is a high level of uncertainty, however, regarding the possible number or location of export cables. All areas inshore of DPOs have been considered as potential export cable corridors, unless there is a clear cable landfall point indicated by current/planned grid connection points. The potential impacts of offshore export cable corridors and landfall points will be required to be assessed fully at a project-level, once further detail(s) are available.

4. Opportunity and Constraint (O&C) Analysis – Iteration 3

Iteration 3 of the O&C analysis was undertaken, which considered the responses received during the Scoping Consultation. For more details see the Consultation Analysis.⁹

The AoS were refined with consideration to the outputs of the Iteration 3 O&C Analysis. As a result, certain AoS were either

⁹ <https://consult.gov.scot/marine-scotland/draft-sectoral-marine-plan-for-offshore-wind/>

	<p>removed or refined to avoid/incorporate certain areas of Scottish Waters.</p> <p>This stage also considered the areas of seabed proposed by stakeholders via the scoping consultation. A number of the areas proposed overlapped with existing AoS, while others overlapped with areas with higher levels of constraint or entirely new areas.</p> <p>Upon review of the above information, a number of areas were identified to move forward in the plan process. Additionally, some additional areas were included at this stage, where there was significant stakeholder interest, but also increased constraint. The Sustainability Appraisal stage will assess these areas in greater detail.</p> <p>5. Identification of Draft Plan Options</p> <p>The 22 revised Areas of Search, with a potential capacity for around 90 GW (calculated at 5 MW/KM²), were made available to the Sectoral Marine Plan Project Board and the two Project Steering Groups for consideration and comment.¹⁰</p> <p>Responses from both the Board and Steering Groups, together with the outputs of the initial assessments, was presented to Scottish Ministers to inform their decision on which AoS should progress to the Sustainability Appraisal for more detailed assessment.</p> <p>17 revised AoS were selected as DPOs.</p> <p>6. Public consultation – draft Plan and Sustainability Appraisal (including partial ICIA)</p> <p>Public consultation was undertaken on the 17 DPOs and the Sustainability Appraisal (comprising of the Strategic Environmental Assessment, Habitats Regulations Appraisal and Social and Economic Impact Assessment), draft Regional Locational Guidance and the partial ICIA and Equalities Impact Assessments between 18 December 2019 and 25 March 2020. A total of 443 responses were received during this time period and the findings are summarised in the published Consultation Analysis Report.</p> <p>In addition to online publication of the documents, a series of 17 consultation events were held across Scotland during February and March 2020, including events in Stornoway, Lerwick, Stromness and Bowmore, to facilitate engagement and</p>
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¹⁰ Further detail regarding the cross sectoral Steering Groups is provided in the Consultation Analysis Report. Available here: <https://consult.gov.scot/marine-scotland/draft-sectoral-marine-plan-for-offshore-wind/>

stakeholder feedback. Further details are provided in the Consultation Analysis Report.

Views were sought on a range of topics, including the DPOs selected, the policies contained in the draft Plan and the findings of the Sustainability Appraisal. Responses were received from across a range of sectors relating to the DPOs included within the ICIA – including the commercial shipping, commercial fishing and natural heritage sectors.

Individual Draft Plan Options

Question 1 asked respondents whether they supported the selection of the following DPOs, responses were received for the DPOs included in this ICIA as follows:

Table 1 Draft SMP Consultation Question 1 - "Do you support the selection of the following DPOs?" - Responses

DPO	Strongly support	Somewhat support	Neither support nor oppose	Somewhat oppose	Strongly oppose
N1	28	8	37	4	23
N3	28	9	39	4	17
N4	23	10	44	5	15
NE1	26	13	38	1	21
NE2	28	11	32	2	30
W1	28	8	43	4	19

Commercial fisheries

The majority of feedback in relation to the DPOs related to commercial fisheries. A summary of the suggested amendments to the DPOs made by the membership of the Scottish Fishermen’s Federation (“SFF”) and Scottish White Fish Producers Association (“SWFPA”) is provided at Figure 3 for context. The recommendations equated to substantial reductions for DPO N1 (up to 40% of the seabed area) and NE1 (up to 50% of the area).

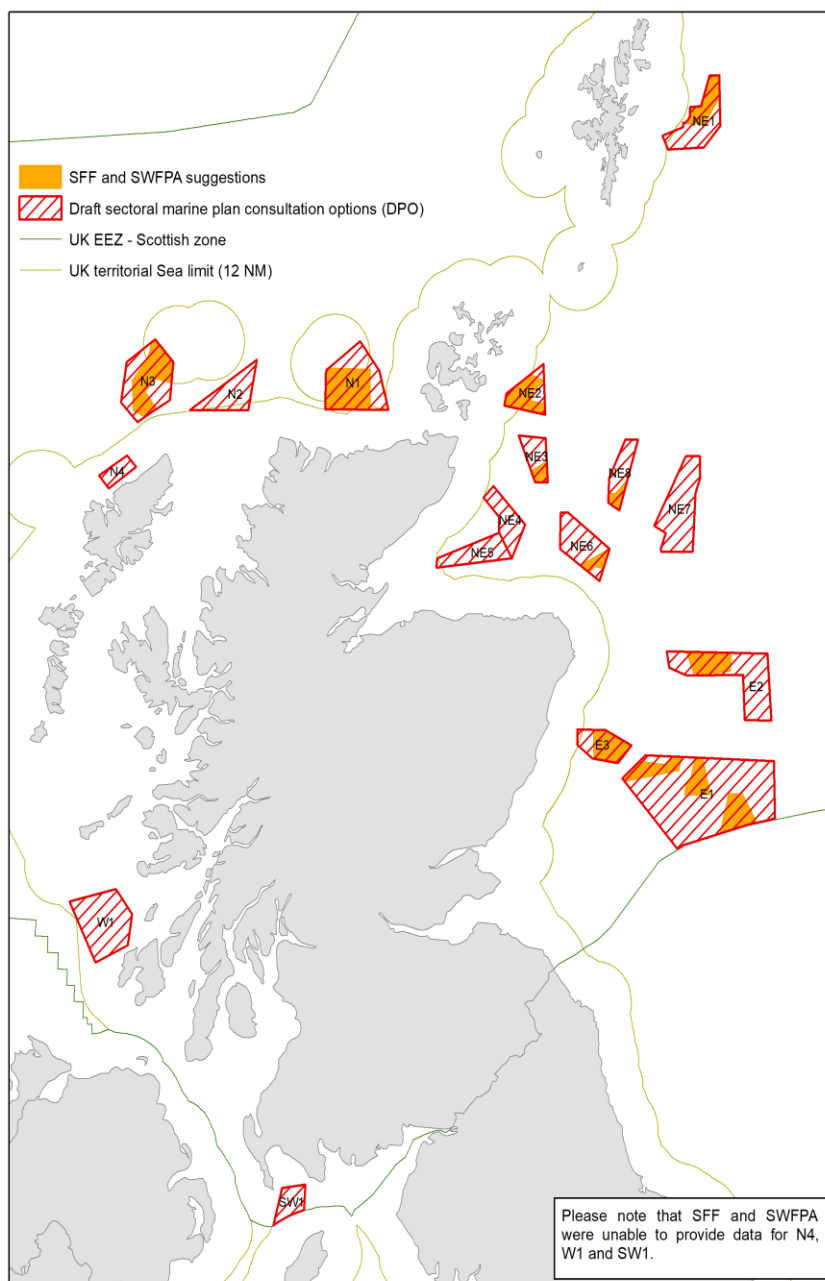


Figure 3 Summary of changes proposed to DPOs by SFF and SWFPA

NatureScot (formerly Scottish Natural Heritage)

In its response, NatureScot advised that it considered that the significance of potential visual and landscape impacts had been underestimated in some instances (in relation to DPOs N1, NE1 and NE2) and referred to the detailed guidance it has produced on seascape, landscape and visual impacts.¹¹ In addition, NatureScot expressed concerns regarding the proximity of DPOs W1 and N4 to shore. NatureScot stated it considered that the potential

	<p>ornithological impacts (in relation to collision risk) had been underestimated for DPOs N1 and N4.</p> <p><u>Shetland Islands Council (“SIC”)</u></p> <p>SIC provided a response to the consultation stating that it ‘somewhat supports’ offshore wind development in NE1, “<i>The development of up to 2 GW of offshore wind generating capacity in NE1 would have a significant impact on the Shetland economy during all development and operational phases. Our support is based on the Economic and Social Impact findings of annual employment associated with the development being between 150 jobs (low scenario estimates) and 600 jobs (high scenario estimates)... Our support is caveated on the Scottish Government and CES making sure that all licensed activity on DPO NE1 is planned in a manner that complements important economic and environmental factors, which must be addressed. From an economic and social perspective, fishing and all its ancillary activities are an essential part of the Shetland economy so every effort must be made to minimise the impact on fishing in DPO NE1. Similarly, the impact on navigation in the commercial marine transport and leisure tourism sectors needs to be investigated fully</i>”.</p> <p>SIC made further comments in relation to the works licensing requirements for the portion of NE1 which lies within 12 nm of Shetland and the relationship with the emerging Shetland Islands Regional Marine Plan.</p> <p><u>Argyll and Bute Council (“ABC”)</u></p> <p>ABC provided a response stating that it agreed with the findings of the SEIA, that W1 would have “<i>minor impacts to wildlife and socio-economics for the West Coast and Argyll in particular</i>”. ABC further recognised that development within W1 could “<i>have a significant environmental benefit in supporting the decarbonisation of the energy sector and aid the establishment of a secure energy supply in Argyll.</i>” ABC stated that it considers it important that servicing, operation and maintenance bases are located in Argyll to secure economic benefits for the region.</p> <p><u>Orkney Islands Council (“OIC”)</u></p> <p>OIC’s response highlighted that the DPOs to the North of Scotland have potential to contribute significant social and economic benefits for Orkney communities and that Orkney harbour infrastructure could provide locational and operational benefits for offshore wind developers. OIC highlighted that “<i>it is essential that</i></p>
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¹¹ *Ibid*, 11.

	<p><i>offshore wind development in these areas accrue significant benefits to Orkney communities to offset any significant adverse impacts on existing sectors and to benefit our island economy</i>". OIC further highlighted the importance of detailed engagement with local stakeholders, including the fishing sector to minimise adverse effects and maximise potential benefits. OIC highlighted the issues surrounding grid constraint and transmission charging faced by development in these DPOs.</p> <p>OIC further submitted comments as the Statutory Harbour Authority regarding potential impacts on navigational safety. In particular, this response queried why Ports and Harbours were scoped out of the SEIA. The Statutory Harbour Authority consider that these impacts have been incorrectly scoped out (i.e. wider benefits to wider port authority, employment, local community and reducing carbon footprint by having a port and harbour near a DPO). The response suggested that a full Ports and Harbours study should be completed to inform the planning process. Our position on this point is that the scope of the assessment was agreed with the Steering Groups at the start of the process and further project-level assessment will be completed with regard to impacts on ports and harbours (as required).</p> <p><u>Comhairle nan Eilean Siar (Western Isles Council) ("CNE-Siar")</u></p> <p>CNE-Siar provided a response outlining strong support for DPOs NE2-NE4 and that it "somewhat supported" all other DPOs. CNE-Siar noted the close proximity of DPO N4 to shore and the potential for higher visual impact associated with this, however, <i>"Notwithstanding, the Comhairle urges Marine Scotland to retain and promote DPO N4 because of its accessibility and wind resource and the requirement for developers in DPO N4 to connect to Grid infrastructure on Lewis. The Isle of Lewis is currently host to circa 450MW of consented and contracted Onshore Wind generation, awaiting connection to the National Grid by a £700m HVDC Radial Connector. The local population has accepted the considerable visual impact of these Onshore deployment on the tacit understanding that the next generation of energy production will be in the marine environment. The local population is therefore prepared for, and supportive of, large scale deployment of Offshore Wind off Lewis and has not reacted negatively to the potential visual impact in the way other coastal regions in Scotland have... The Comhairle therefore strongly supports DPO N4 because it will kick start the island supply chain and provide much needed jobs and benefits to the local population."</i> Further, CNE-Siar stated that it considers development in N4 will not have a detrimental impact on the tourism sector.</p>
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	<p><u>Highlands and Islands Enterprise (“HIE”)</u></p> <p>HIE did not provide detailed views on the SA or DPOs, but noted its consultation response that DPOs “<i>could potentially negatively impact commercial fisheries, commercial shipping, aquaculture, tourism and recreation sectors which are also priority sectors for HIE and we therefore welcome the project level mitigation measures identified in the Plan to reduce or remove impact on these vitally important industries to the communities and economy of the Highlands and Islands.</i>” HIE also highlighted the substantial challenge posed by grid constraint and transmission charging in this region, which is being addressed by separate workstreams.</p> <p><u>Comments relating to the draft partial ICIA</u></p> <p>A specific consultation question sought views on the partial ICIA (as published), “<i>Question 14 – Would you add or change anything in the partial Islands Communities Impact Assessment?</i>”</p> <p>A total of 60 responses were received to this question, with 46 respondents stating that they would not add or change anything within the ICIA, whilst 2 respondents stated that they ‘did not know’. Of the 3 responses from individuals which proposed changes, 2 suggested that further information be included regarding the potential benefits of offshore wind development by either reducing the need for more carbon intensive energy generation for isolated communities, and through potential for co-location with hydrogen / green fuel production retaining jobs in island communities, as opposed to exporting energy to the national grid network. The third response agreed with the approach taken and emphasised the need for consultation with island communities.</p> <p>9 organisational responses were received to this question, which tended to focus on the area of interest for each organisation. Two responses highlighted the importance of navigational safety to island communities, both regarding recreational boating and lifeline ferry services. Two responses addressed fisheries, with 1 recommending that further information be collected for Shetland and the other seeking assurances that access to offshore development areas is retained, particularly for fixed gear fishermen. One respondent highlighted the inclusion of subsea cabling as an industry of high importance for island communities in the provision of power / telecommunications. One organisation queried why a similar level of community assessment has not been applied for rural mainland communities. These responses have been taken into account in the finalisation of the Plan (see below.)</p>
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CNE-Siar stated, “*The Comhairle is satisfied that, through this process, the Plan making process has clearly had regard to island communities. The Comhairle is of the view that any potential negative community impacts can be addressed through good project management and continuing engagement*”. All island Local Authorities highlighted the need for detailed and ongoing engagement with potentially impacted sectors at both a strategic (plan) level in relation to iterative plan review and during project-level assessment in their responses. The importance of existing sectors, such as commercial shipping, fishing and tourism, were also highlighted by all Local Authorities.

Finalisation and publication of the Plan

The feedback received during the consultation process has been used to support the finalisation of the Plan and the production of the final Regional Locational Guidance.

15 Plan Options, across four regions, were chosen to progress as final Plan Options. Two DPOs (SW1 and NE5) have not been progressed at this time and amendments were made to the boundaries of 7 DPOs, to reflect the comments raised during the consultation (as shown in Figure 4). These include boundary amendments to 3 DPOs included within this ICIA - NE1, NE2 and W1.

The boundaries of W1 have been reduced to increase the distance to shore and mitigate the potential negative impacts on commercial shipping (along the western boundary) and seascape, landscape and coastal character (eastern and northern boundaries). This has resulted in a reduction of 32% of the total seabed area. Discussion took place with Argyll and Bute Council regarding this proposed approach.

The total seabed area of NE2 has been reduced by 26% to mitigate potential negative impacts on fishers in this area (although it is possible that negative impacts could be borne in other areas – depending on where the fishers originate). Reduction of the total seabed area is intended to support the co-existence of the fishing and offshore wind industries.

NE1 has been amended to remove the area of overlap with the Shetland Islands’ works licensing regime. This minor reduction (3% of the seabed area) reduces the potential administrative burden for all parties. This approach was agreed in consultation with the Shetland Islands Council.

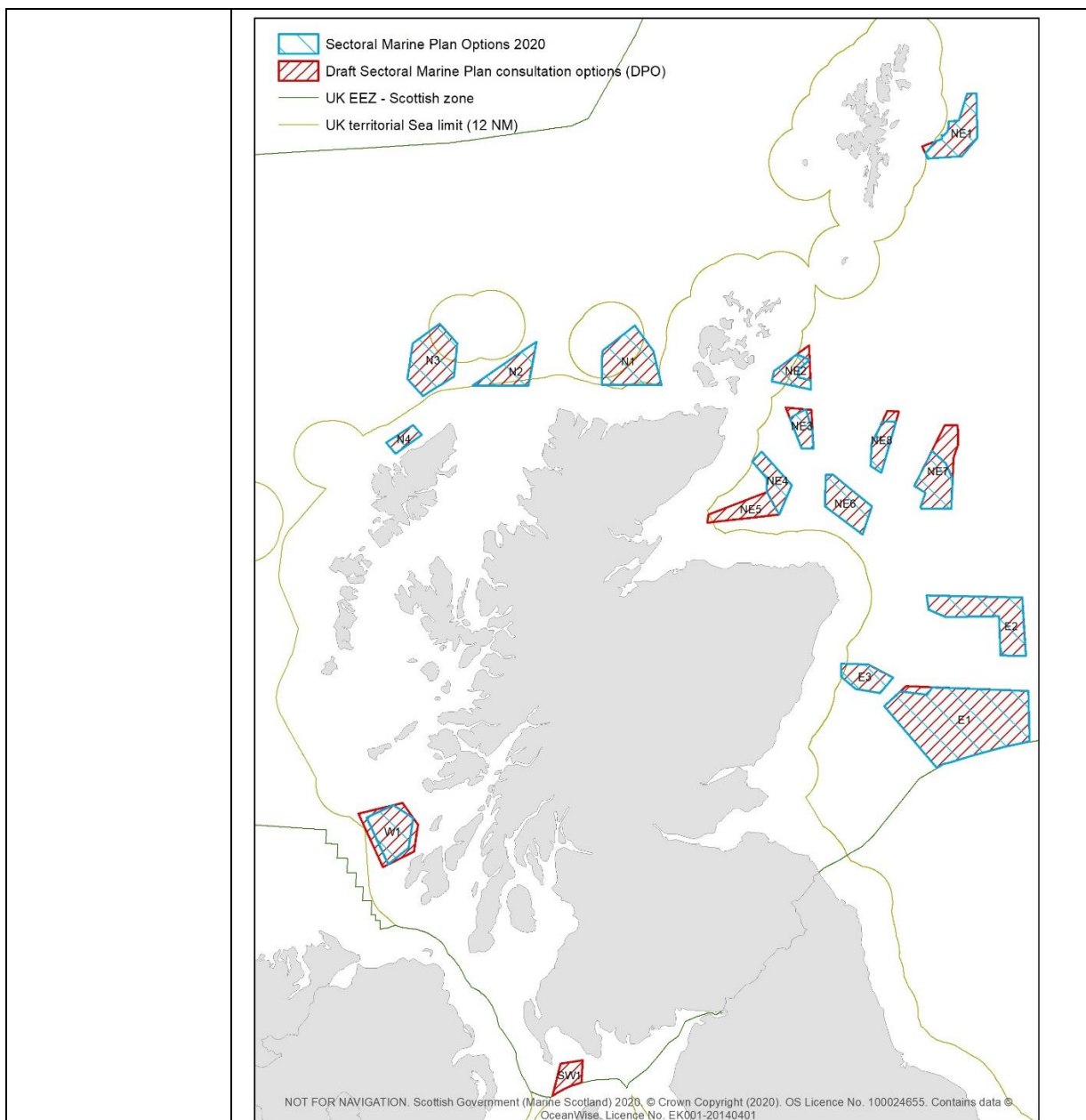


Figure 4 Map demonstrating changes between draft (2019) and final Plan Options (2020)

The Post Adoption Statement details the changes made to the Plan as a result of consultation feedback in full.

The application window for the ScotWind leasing process will close after the final Plan is adopted. Applicants will only be able to apply for Option Agreements for areas of seabed located within the Plan Options included in the final Plan.

Description of the likely significant different

Section 7 of the 2018 Act sets out a specific duty for relevant public bodies, including Marine Scotland, to “have regard to island communities” in carrying out their functions. A related duty under section 8 of the 2018 Act requires relevant public bodies to

effect(s) of the Plan:	<p>undertake an island communities impact assessment <i>“in relation to a policy, strategy or service which, in the authority’s opinion, is likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities) in the area in which the authority exercises its functions.”</i> However, no guidance has yet been published by the Scottish Government regarding how these Assessments should be completed.</p> <p>The ICIA process has provided the opportunity to examine whether any Scottish island communities would be discriminated against by any of the measures, policies or proposals outlined in the Plan.</p> <p>Our determination of potential differential impacts is based on a review of published literature, analysis of consultation responses and stakeholder engagement and full details are included in the Sustainability Appraisal reports. These documents were published for public consultation on 18 December 2019.¹²</p> <p>The Sustainability Appraisal was undertaken on the 17 draft Plan Options included within the draft Plan. The 15 Plan Options selected for inclusion in the final Plan reflect amendments made to the boundaries of DPOs in response to consultation feedback received. Therefore, the boundaries of 3 DPOs included within this ICIA (W1, NE2 and NE1) have been subsequently amended since the Sustainability Appraisal was completed. The findings of the Sustainability Appraisal (as completed for DPOs) are outlined below and have not been updated to reflect the modified boundaries. The Sustainability Appraisal was undertaken using a range of development scenarios and, therefore, its conclusions remain valid despite these amendments. The amendments made to the boundaries of the Plan Options do not alter the conclusions regarding potential impacts on island communities as outlined below.</p> <p><u>Potential types of impacts on island communities</u></p> <p>At this stage, it is considered likely that development within the Plan Options located close to island communities is likely to have differential impacts on island communities.</p> <p>Crown Estate Scotland’s report on its “Offshore Generation, Energy Storage and Systems Feasibility Study”¹³ explored a number of scenarios, including Scenario 5: Large scale floating wind with offshore electrolysis and use of gas pipelines, consisting of a 100 MW floating windfarm located off a large island with a</p>
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¹² See further, <https://consult.gov.scot/marine-scotland/draft-sectoral-marine-plan-for-offshore-wind/>

¹³ December 2018. Available here: <https://www.crownestatescotland.com/maps-and-publications>

	<p>highly constrained grid connection to the mainland and limited local demand for supply. Resulting positive impacts included local opportunities for employment, as well as delaying decommissioning of existing infrastructure, delivery of renewable heat at scale and overcoming the barrier of grid constraint to development. It is not possible to predict whether similar development would take place, but this demonstrates the wider range of impacts arising from offshore wind energy development.</p> <p>Differential impacts may arise from impacts on landscape, seascape and visual amenity, opportunities for recreation and tourism, economic opportunities relating to fishing. For example, the SEIA identifies that there may be some perception impacts on the unspoilt nature of the coast around the Outer Hebrides. Project-level mitigation measures should ensure that any potential negative impacts are minimised as far as possible, however, some communities and/or individuals may perceive an impact. Impacts may be greater where DPOs are located closer to shore, however, key ports such as Lerwick and Sullom Voe already consist of industrial areas, which may mean that such landscape, seascape and visual impacts can be minimised.</p> <p>In addition, there may be impacts relating to employment opportunities, cultural heritage, migration etc. Overall, employment in fishing accounts for a higher percentage of employment in island communities (Shetland, Orkney, Na h-Eileanan Siar local authorities) and in Argyll and Bute, where it exceeds 2% each and 1% respectively.¹⁴</p> <p>The SEIA identified that the main societal impacts for individuals from the Plan related to increased employment, with potential knock-on benefits for family life and disposable income (with benefits for child wellbeing) and an increase in potential for people to develop careers locally in skilled occupations (e.g. engineering and construction sectors), with the majority of impacts being felt more closely in the North East and East regions. The SEIA identified that rural and coastal areas are more likely to benefit from increased employment and economic opportunities associated with offshore wind development, due to their location (e.g. ports that can offer facilities required by wind farm developments).</p> <p>Key island ports which may benefit from investment include;</p> <ul style="list-style-type: none">• Kirkwall and Hatson;• Lerwick;• Lyness;
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¹⁴ Source: Marine Scotland, *Scottish Sea Fisheries Statistics 2017* (2018). Available at: <https://www.gov.scot/publications/scottish-sea-fisheries-statistics-2017/pages/5/>

	<ul style="list-style-type: none"> • Stornoway; and • Sullom Voe. <p>This has attendant impacts on quality of life, but may have negative impacts in relation to loss of income from fishing activity (due to temporary or permanent loss of access to or displacement from fishing grounds and particularly for the North East region). However, under the national scenario, the SEIA estimates losses of around 2.5 FTE (under the low scenario) to 8.3 FTE (under the high scenario) for this sector. Fishers may be able to supplement their income from offering services to the wind farm. A maximum of 4.7 FTEs (under the high scenario) are estimated to be lost across the North East, impacts may be larger locally but are expected to be concentrated into small areas.</p> <p>In addition, large numbers of new people relocating to these areas could be perceived as a threat to existing communities (particularly during the short-term) and loss of fishing jobs or income could impact on networks for family businesses and the fishing community. The SEIA estimates that these impacts may be felt locally, but are unlikely to be prominent across the country as a whole. Increased demand from larger populations may also have impacts on healthcare services. The SEIA identifies that these potential negative community impacts can be identified and addressed via good quality project management, engagement and consultation.</p> <p>The SEIA has assessed impacts on individual ports based on the reduction in the value of landings to each Scottish port, in relation to the total value of landings to each port. This approach has been taken to reflect the fact that a reduction in a certain tonnage of landings to a small island port may have a greater impact on any associated processing activities at that port compared to a loss of the same value of landings to a larger port. Total impacts in terms of value of landings per port may occur at the following island ports; Kirkwall, Lerwick, Stornoway, Stromness, Islay, Port Ellen, Bunessan, Fhionnphort, Portnahaven and Portree.</p> <p>The figures, however, equate to small reductions which are unlikely to result in local job losses either directly to fisheries or to processing and the supply chain. However, some of the ports impacted may not benefit greatly from wind farm development so impacts could be disproportionately greater as fisheries would not be able to supplement their income through renewables work (e.g. Portnahaven and Stromness).</p> <p>Reductions in the value of landings of 0.19% at Stromness (landing port) and 0.78% at Portnahaven (landing port) could have impacts on fishing business owners affected by a reduction in income (as they may not be able to invest in their business, which</p>
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	<p>may impact long-term viability). These impacts, however, may also be felt by non-island ports, such as Scrabster – which would see a 0.84% reduction in value of landings. Whilst these impacts on national indicators (employment) may be limited at a national level, more material but marginal impacts may be seen at a local level for these ports.</p> <p>Tourism and recreational impacts could be significant in the Outer Hebrides, with potential impacts on ports such as Miavaig Boat trips out of Miavaig (also important for recreational fishing and wildlife watching), due to impacts on fuel costs or access to sites.</p> <p>The SEIA report (Table 43) identifies the following potential cost impacts across all sectors per DPO (costs on commercial shipping, water sports, power interconnectors and commercial fishing), as shown in Table 2 and Figure 5 below:</p>
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Table 2 Potential cost impacts per DPO

DPO	Maximum Development Scenario (GW)	Cost (£000s)	Cost per GW installed (£000s)	Direct GVA cost (£000s)	Direct GVA cost per GW installed (£000s)
W1	2	5,131	2,565	1,482	741
N1	2	8,896	4,448	1,392	696
N3	2	318	159	1,991	995
N4	1	4,159	4,159	675	675
NE1	3	2,273	1,137	1,378	689
NE2	1	9,269	9,269	399	399

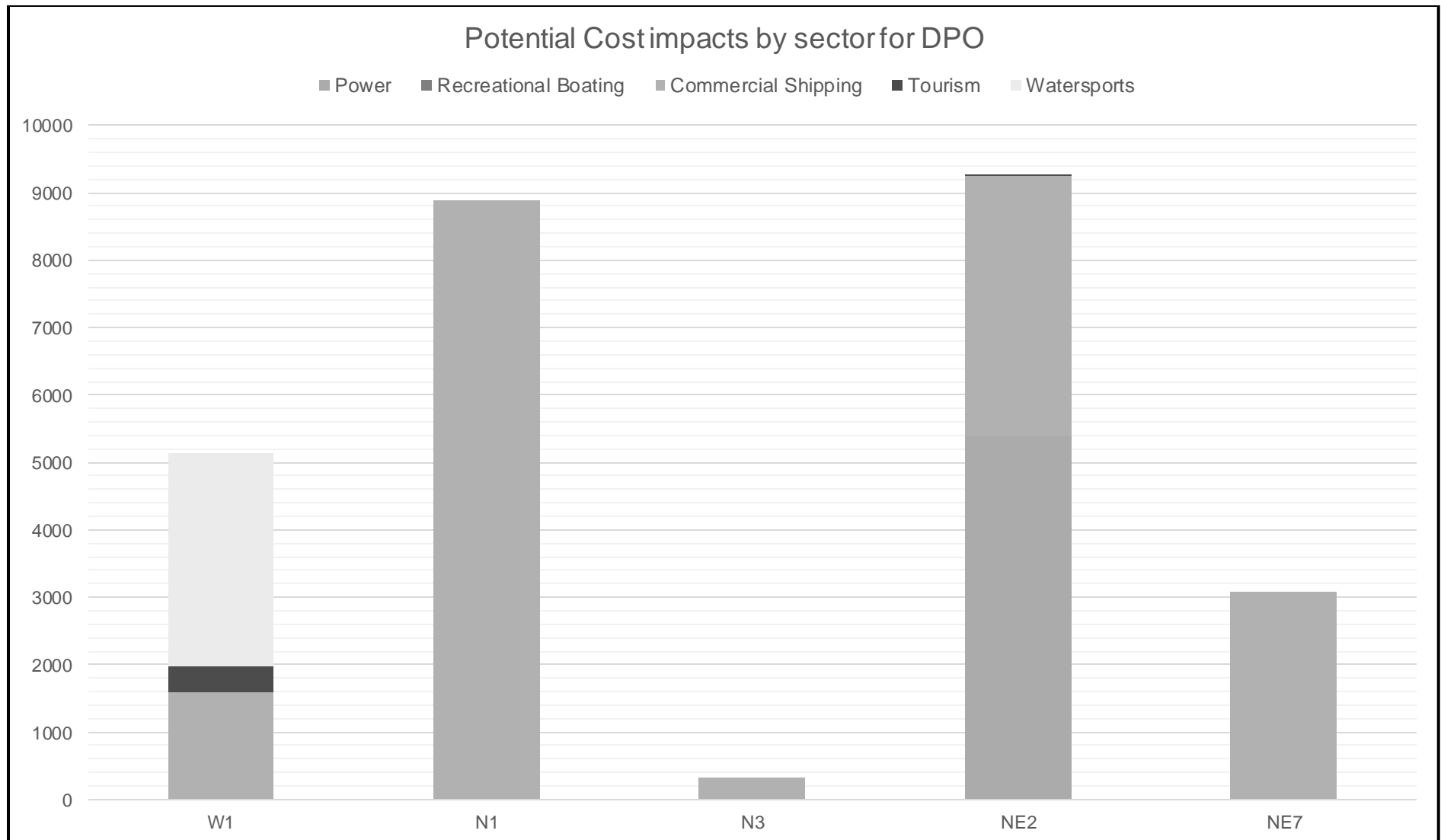


Figure 5 Potential Cost impacts by sector per DPO

	<p>Project-level mitigation measures can be used to reduce, avoid or offset potential impacts, including:</p> <ul style="list-style-type: none"> • Commercial fisheries – the requirement for developers to maintain access for certain fishing gears; • Commercial shipping – spatial planning of DPO, to include design of shipping lanes in accordance with Maritime and Coastguard Agency guidance to reduce diversions; • Watersports – maintenance of access to recreational angling within arrays (particular for fixed-bottom technologies); • Power – consultation with cable installers and subsequent spatial planning to allow for a corridor within the DPO for the interconnector; and • Tourism – impacts on tourism are linked to potential visual impacts from turbines, therefore mitigation applied to reduce the visual impact has the potential impacts on tourism (including the selection of smaller turbines), although there may be residual visual impacts. <p><u>Assessment of likely significant differential effects</u></p> <p>The Sectoral Marine Plan is a high-level Plan and, as such, identification of likely overall impacts on specific island communities is not appropriate, as it is not possible to predict the scale, extent and type of future offshore wind development with any certainty at this stage, nor draw any conclusions regarding the likely significant differential effects. Any proposals for development will be subject to further detailed project-level assessment, which will consider the environmental, social and economic impacts of the specific proposal and any required mitigation measures to reduce, remove or offset any potential differential impacts.</p>
<p>How the impact assessment has shaped the Plan/Policy:</p>	<p>The implementation of duties under the 2018 Act is being undertaken on an iterative basis, as the draft Plan is developed, to allow consideration of the likely impacts to inform the identification of refinement of Plan Options and policies.</p> <p>Scoping consultation outputs have shaped the refinement of the draft Plan – leading to the reduction and removal of Initial Areas of Search, Scoping Areas of Search and Revised Areas of Search due to potential negative impacts on commercial fishing, shipping, navigational safety, national security and natural heritage which could not be successfully mitigated via project or plan level mitigation</p>

	<p>measures. Consultation outputs resulted in the introduction of additional Revised Areas of Search located close to island communities (in particular, next to the Isle of Lewis).</p> <p>The outputs of the partial ICIA helped to shape the arrangements for the consultation on the draft Plan and Sustainability Appraisal. Public consultation took place between 18 December 2019 and 25 March 2020 and events were held at relevant island locations (Shetland, Orkney, Lewis and Islay) during February and March 2020 to support engagement with potentially impacted communities. The findings of the Sustainability Appraisal and partial ICIA were useful in framing the discussions at these events.</p> <p>The outputs of the consultation process have shaped the selection of final Plan Options for inclusion with the final Plan. Amendments have been made to the boundaries of 3 DPOs included within this ICIA – W1, NE1 and NE2. The boundary amendments have been made to mitigate potential negative impacts on the commercial shipping and commercial fishing sectors. In addition, the boundary of NE1 has been reduced to avoid overlapping the 12 nm boundary with Shetland’s works licensing regime, following consultation with Shetland Islands Council, to minimise the potential administrative burden on regulators and developers alike.</p>
<p>Recommendations and next steps:</p>	<p>The evidence above demonstrates that the implementation of duties under the Islands (Scotland) Act 2018 to date has directly informed the development of the Plan. An iterative approach has been taken to the development of the final Plan, to ensure it is reflective of stakeholder views and the conclusions of the supporting Sustainability Appraisal.</p> <p>Following adoption, the final Plan will be subject to iterative plan review and the ICIA will be reviewed and amended (if appropriate) if further assessment is required. The Plan and Post Adoption Statement set out in detail how this process will operate and how stakeholder views and evidence submitted will be gathered and used.</p> <p>The Plan highlights the importance of early and sustained engagement with potentially impacted communities in relation to future offshore wind developments. Further project-level assessment will be required before development can progress (which will benefit from a greater level of detail regarding the location/scale/timing of the proposed project), to identify and assess the potential</p>

	negative and positive impacts of development and mitigation measures (as necessary).
Sign-off:	Michael Palmer, Deputy Director, Marine Planning and Policy, Marine Scotland 25 September 2020



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