

Item: 10

Policy and Resources Committee: 17 June 2025.

Alternative Models of Governance.

Report by Chief Executive.

1. Overview

- 1.1. Following the Notice of Motion on alternative governance arrangements considered by the Council on 4 July 2023, a report was considered by the Policy and Resources Committee on 19 September 2023 to agree the scope of the work, together with the resources required, to address the matters raised in the Notice of Motion.
- 1.2. A staged approach to the scope of works was agreed with the first stage focused on assessment of viable options and the production of an options appraisal of available alternative governance arrangements.
- 1.3. The first stage scope of work was agreed and has been progressing to assess the relevance, political and financial impact, and opportunities presented by possible constitutional reform. Appendix 1 details the progress of each task within this stage.
- 1.4. In order to progress this work, the Constitutional Reform Consultative Group, supported by Members' Seminars, is providing oversight to the project. An officer project team is progressing the work, within existing resources, and this report provides an update on the work to date and recommendations for next steps.
- 1.5. The main progress on Stage 1 is that:
 - i. Further work has been undertaken in relation to implementation of the Islands (Scotland) Act 2018 to ensure that any opportunities are maximised within the legislation already available to the Council. This has included reviewing service area functions and assessing the feasibility of requests to the Scottish Government for "additional powers" in terms of Section 21 of the Act. In addition, Officers continue, as a matter of routine, to review whether legislation or national strategies having an effect on Orkney which

is significantly different from their effect on other communities have been subject to an Island Communities Impact Assessment.

- ii. Support has been provided by the Scottish Government in respect of the funding of the Business Case for plans to replace the inter-island ferry fleet to provide a modern, fit for purpose service. Discussions are ongoing at a political and officer level in terms of the overall financial settlement position.
- iii. The Scottish Government has commenced engagement on a Single Island Authority model.
- iv. The Council is actively participating in the Islands Strategic Group and the Islands Forum to better understand alternative models of service delivery that could be explored for Orkney.
- v. The Council is actively engaging in Nordic / Arctic events in order to cultivate economic and cultural opportunities to deliver maximum benefit to Orkney.
- vi. Comparisons of alternative models of governance have been further researched and are attached as Appendix 2 to this report.

1.6. The analysis of alternative models of governance in other areas has identified that:

- i. Autonomous structures have enabled the respective governments to focus their resources on priorities that are important to their own context. In some cases, significant autonomy has led to income generation and a capacity to progress priorities, for example, renewable energy projects.
- ii. In most cases, the respective governments are able to deliver the full range of health services.
- iii. In terms of financial matters, many of the constitutional models are self-funding as a result of private investment, and not wholly reliant on government funding or a single industry.

1.7. It is clear that there are different types of constitutional models that could be explored for Orkney. However, there are significant characteristics that would require to be taken into account, which include the following:

- The potential challenge of progressing these with the UK and Scottish Governments, including how national agendas - such as health, transport, energy, defence, etc, would be delivered under any new arrangements.
- An exercise to establish the totality of funding required for Orkney public services would be extremely difficult and resource intensive to undertake and would involve protracted negotiations with both governments.
- Small units of governance would be unable to deliver every service required for Orkney's residents.

- The potential implications of new arrangements for Orkney residents, for example, the cost and accessibility of health services.
 - The potential implications of new arrangements if Orkney was not part of a national health structure, which could lead to less resource being available for investment and infrastructure.
 - Arrangements for some services on the UK or Scottish Mainland would still be required, and sustainable and secure funding for these would have to be explored and confirmed.
- 1.8. This high-level analysis has confirmed that significant work and negotiation would be required to progress any alternative option. Financial settlements would need to be negotiated with the UK Government / Scottish Government, and exploration of the opportunities that other constitutional models provide to create a financially sustainable environment would be required, for example, tax raising powers, special status for tax / VAT to attract inward investment, as well as arrangements for critical health and social care services, such as agreements to access specialist clinical services on the Scottish Mainland.
- 1.9. A comprehensive feasibility study would also need to be undertaken by legal and economic specialists. In addition, and importantly, a thorough public and stakeholder consultation exercise would be essential to ascertain the community appetite for alternative governance proposals. This work would be resource intensive and lengthy and, realistically, unless significant changes are proposed at a UK or Scottish Government level to deliver significant public sector reform, it is unlikely that any such alternative form of governance could be proposed or delivered for Orkney.
- 1.10. Fundamentally, aside from the fact that the Council currently lacks the resource and capacity to engage in further exploration of any of the alternative models of governance as set out in Appendix 2, the position is that none of the models set out are even available, or constitutionally within the gift of the Council, as things currently stand.
- 1.11. Notwithstanding the above, as part of a joint review of local governance with COSLA, the Scottish Government is leading a workstream looking at public sector reform, in particular, Single Authority Models. As part of this workstream, the Scottish Government is resourcing and facilitating research to assess the feasibility of a Single Authority Model for Orkney, as well as for Argyll and Bute and the Western Isles.

1.12. On 6 May 2025 the Scottish Government published its “Programme for Government”, which is a plan setting out the actions that the Scottish Government intends to take in the next twelve months, and its proposed legislative programme. The Programme includes a specific pledge by the Scottish Government, by the end of the current Parliament, to publish:

“Preferred models for Single Authority Models in Argyll and Bute, Orkney and Western Isles that have been developed jointly by local government and health and enable a shift towards prevention. This will include a plan and timeline for implementation, with at least one area transitioning to shadow arrangements.”.

1.13. As a first stage, a facilitated session to discuss a Single Authority Model for Orkney is due to take place in Edinburgh on 13 June 2025 which will be attended by the Leader of the Council, the Chief Executive of the Council, the Chair of the NHS Orkney Board, the Chief Executive of NHS Orkney and senior officials of the Scottish Government, as well as COSLA. The focus of this first session will be to seek to establish governance and a process to support further conversations and supported sessions at a local level with a range of relevant partners.

1.14. Subject to agreement, a subsequent facilitated session with a wider group of participants is planned to take place in Orkney later in 2025.

1.15. Ultimately, before the end of the year, and again subject to further agreement, it is envisaged that a further facilitated session, involving all Elected Members of the Council, representatives of NHS Orkney and senior officials of the Scottish Government, will take place in Orkney to support shared development of a preferred single authority model. The sessions will be facilitated by John Sturrock KC and/or Professor Donna Hall CBE. All of the Council’s costs in participating in this process are to be funded by the Scottish Government through a specific grant allocation.

1.16. It goes without saying that the content and outcome of these discussions will need to reflect Orkney’s unique island context and will also need to look at NHS provision in light of the Scottish Government’s decision in January 2025 to remove Part 1 of the National Care Service Bill which would have established a national care board.

1.17. The above workstream offers a clear opportunity for Orkney to explore a more sustainable alternative model of service delivery and governance. To the extent that it is being actively supported by the Scottish Government and that progress is therefore likely to be unaffected by third party or constitutional impediments, such as would arise with the range of alternative options set out in Appendix 2, the

Single Authority Model approach appears the most likely of all options to deliver positive results. It is therefore proposed that active engagement with the Scottish Government, COSLA and NHS Orkney should continue in order to advance the Single Authority Model agenda.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the progress made by officers to date in undertaking the scope of work set out in Stage 1 of the project to explore Alternative Models of Governance and that officers are continuing to explore opportunities to utilise the powers and duties contained within the Islands (Scotland) Act 2018 to maximise benefit to address island issues.
- ii. Note that none of the alternative models of governance set out in Appendix 2 are currently available to Orkney or are in Orkney's gift.
- iii. Agree that the Council should focus on engagement with the Scottish Government, COSLA and NHS Orkney in advancing the Single Authority Model agenda as set out in the current Programme for Government and supported by specific grant funding as the most likely option to ultimately progress to Stage 2 of the project.

3. Background

3.1. On 19 September 2023, the Policy and Resources Committee agreed a staged approach to exploring Alternative Models of Governance, as follows:

- Stage 1 - Agreeing the scope of work for the Constitutional Reform Consultative Group to include:
 - Providing full briefings to Elected Members on the previous work undertaken on alternative models of governance.
 - Reviewing the implementation of the Islands (Scotland) Act 2018 to ensure that all powers and duties contained within it are being utilised to maximum benefit to address island issues. For example: development and content of National Islands Plan, scheme for requests for devolution of functions, preparation of island communities impact assessments, ability to request retrospective island communities impact assessments and ability for local authorities to request additional powers.

- Identifying and exploring opportunities using these existing mechanisms to address inequalities experienced by Orkney’s communities such as the Council’s funding settlement, roll out of Road Equivalent Tariff, and a ferry replacement programme.
 - Engaging with the Scottish Government in their project to explore opportunities under a Single Island Authority model alongside the proposals for the National Care Service to provide the best health and care services for our communities.
 - Analysis and articulation of the benefits and contribution made by Orkney as a community to Scotland, UK and globally.
 - Identifying and exploring opportunities with Scottish and UK Governments around obtaining flexibility in policies and regulations to benefit Orkney.
 - Working jointly with other Islands Authorities to maximise the benefit to island communities and to feed into the Scottish and UK Governments and Nordic connections through participation in the Islands Strategic Group, Islands Forum and Nordic / Arctic events.
 - Researching and learning from Alternative Models of Governance options, such as British Crown Dependencies, Overseas Territories and Nordic connections for consideration by Elected Members.
 - Developing an evaluation framework for options at stage 2 to ensure the potential desired outcomes for Orkney under each model can be assessed.
- Stage 2 - Progression of selected options with further scoping of political, legal, and financial implications and consultation and engagement with the Orkney public. Various methods of public engagement will be explored including engagement events and potentially the formation of an ‘islanders’ assembly’. A limited number of options to be selected for further development.
 - Stage 3 - Development of the chosen option or options including addressing financial and legal implications and further consultation and engagement with the Orkney public. Final review and approval of an option for delivery.
 - Stage 4 - Delivery of the approved option.
- 3.2. During the first stage, Elected Members were to consider the relevance, political and financial impact and opportunities presented by possible constitutional reform and select an option or options for progression to the next stage.
- 3.3. The Committee recommended that progression to the first stage, as set out above, be approved. This report provides an update on the work undertaken as part of Stage 1.

4. Constitutional Model Comparison Summary

- 4.1. Comparisons of alternative models of governance have been further researched and are attached as Appendix 2 to this report. A summary of the comparison of constitutional models is provided below.
- 4.2. The Aland Islands have a population size that is comparable to Orkney. The Aland Islands enjoy significant levels of autonomy which have increased over time. However, this needs to be viewed in the context of the significant funding that the Islands receive from the Finnish Government, including access to EU funding, which is a revenue stream that is not currently available to Orkney.
- 4.3. The Canary Islands also have a significant level of autonomy, but, unlike Orkney, have access to EU funds and significant tax advantages over the rest of mainland Europe. The Canary Islands extend to 3,000 square miles and have a population of 2.2 million inhabitants, and therefore are arguably better resourced than Orkney to sustain autonomous economic and political policies.
- 4.4. The Channel Islands and the Isle of Man have no access to EU funding but have significantly larger population sizes than Orkney and all three have highly competitive tax regimes and receive significant tax revenues through the financial services sector. The Isle of Man appears to be equipped with sufficient resource to provide for the healthcare needs of its inhabitants without need for outsourcing, whilst the Channel Islands have an “Alliance for Health and Social Care”, which presumably reduces need for reliance on outsourcing to mainland-based institutions.
- 4.5. There is no simple formula for identifying an optimal governance model for Orkney. Comparison with the models set out above is not straightforward as the circumstances and requirements giving rise to those arrangements vary enormously.
- 4.6. The appropriateness of any of the arrangements outlined in Appendix 2 for Orkney would be liable to be affected by a number of factors, including Orkney’s relatively small size of population and territorial area, relatively small geographical distance to the Mainland of Scotland/United Kingdom, absence of access to EU funding, and Orkney’s existing alignment with the political and legal traditions and structures of the rest of Scotland/United Kingdom. All of these considerations would be liable to present challenges to any request for increased autonomy for Orkney.

- 4.7. Implementation of any constitutional change will require a sufficient level of political and public appetite from all sides as well as a commitment of significant financial resource.

For Further Information please contact:

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Implications of Report

1. **Financial** – Significant analysis would be required to assess the financial and legal impacts of any alternative governance models and an associated public consultation. Budgets are constrained and significant funding pressures require Services to make considerable savings to achieve a sustainable financial position. It is therefore challenging to identify funding to progress proposals to explore alternative models of governance without appropriate support from the Scottish Government or other sources.
2. **Legal** - Significant analysis would be required to assess the legal impact of any alternative governance models.
3. **Corporate Governance** – not applicable.
4. **Human Resources** - not applicable.
5. **Equalities** - not applicable.
6. **Island Communities Impact** - not applicable.
7. **Links to Council Plan:** the proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** the proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
 - Improving Population Health.
9. **Environmental and Climate Risk** - not applicable.
10. **Risk** - not applicable.
11. **Procurement** - not applicable.
12. **Health and Safety** - not applicable.

13. **Property and Assets** - not applicable.
14. **Information Technology** - not applicable.
15. **Cost of Living** - not applicable.

List of Background Papers

[item-10-alternative-models-of-governance.pdf](#)

Appendices

Appendix 1 - Progress on Stage 1 Tasks.

Appendix 2 - Constitutional Models Comparisons.

Appendix 1 – Progress on Stage 1 Tasks

| Stage 1 Task | Update | Next Steps |
|--|---|---|
| <p>1. Providing full briefings to Elected Members on the previous work undertaken on alternative models of governance.</p> | <p>Seminar for Elected Members held on 13 November 2023.</p> <p>The Orkney Partnership briefings were held on 20 March 2024.</p> <p>Meeting of Constitutional Reform Consultative Group took place on 19 November 2024 to receive an update on progress of the work on Alternative Models of Governance.</p> | <p>The Orkney Partnership has agreed to look at areas such as joint reporting in order to maximise impact on work around future joint service delivery.</p> |
| <p>2. Reviewing the implementation of the Islands (Scotland) Act 2018 to ensure that all powers and duties contained within it are being utilised to maximum benefit to address island issues.</p> <p>For example: development and content of National Islands Plan, scheme for requests for devolution of functions, preparation of island communities impact assessments, ability to</p> | <p>Session held with Heads of Service to identify areas. A lack of understanding around Island Communities Impact Assessments was identified and this has led to development of training.</p> <p>Island Communities Impact Assessments are now routinely undertaken for the development, delivery or review of any strategy, policy or service which is likely to have an effect on an island community which is significantly different from its effect on other communities.</p> <p>Officers have been asked to review legislation and national strategies affecting their respective areas of service and to consider whether there are grounds to request the Scottish Government to prepare retrospective island communities impact assessments.</p> | <p>The Council is looking to explore joint representation on areas of policy that have a negative impact on isles.</p> <p>Areas that are showing funding detriments include:</p> <ul style="list-style-type: none"> • School meals • Music instruction • Cost of providing school estate • Cap on Further Education places at UHI Orkney. |

| Stage 1 Task | Update | Next Steps |
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| <p>request retrospective island communities impact assessments and ability for local authorities to request additional powers.</p> | <p>The Council submitted a response to the Scottish Government’s consultation on its review of the National Islands Plan on 7 November 2023. In its subsequent Programme for Government dated 6 May 2025, the Scottish Government has pledged to publish a new National Islands Plan <i>“to address island challenges and opportunities over the next five years, investing over £5 million for the islands programme and additional support through the islands business resilience programme, while also scaling up decarbonisation through the Carbon Neutral Islands Project”</i>.</p> <p>A difficulty with <i>“requests for devolution of functions”</i> and <i>“requests for additional powers”</i> is that the relevant regulations refer to <i>“a function, duty or responsibility”</i> rather than a <i>“power”</i>, and refer to <i>“transferring”</i> and <i>“devolving”</i>.</p> <p>Thus, despite the label used in the Act, powers, in terms of the regulations, cannot be requested. Only functions, duties or responsibilities can be requested. This therefore excludes the possibility of seeking a General Power of Competence via this route.</p> <p>Secondly, the reference to <i>“transferring”</i> and <i>“devolving”</i> indicates that the function, duty or responsibility would have to already exist elsewhere, presumably most frequently with the Scottish Government. The regulations provide that, prior to</p> | |

| Stage 1 Task | Update | Next Steps |
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| | <p>making an additional powers request, the local authority must consult with a number of consultees, including “<i>the person, body or authority that currently exercises the proposed additional power, if not the Scottish Ministers</i>”. This presupposes that the regulations are more about the reallocation of powers which already exist, rather than the creation of new ones. As there is no existing general power of competence held anywhere in Scotland, a request by the Council for such a power would be likely to fail on this basis too.</p> | |
| <p>3. Identifying and exploring opportunities using these existing mechanisms to address inequalities experienced by Orkney’s communities such as the Council’s funding settlement, roll out of Road Equivalent Tariff, and a ferry replacement programme.</p> | <p>Good progress in this area. Internal ferry fares were reduced as a result of fairer ferry funding. In addition, support has been provided by the Scottish Government in respect of the funding of the Business Case for plans to replace the internal ferry fleet to provide a modern, fit for purpose service.</p> <p>Discussions are ongoing at a political and officer level in terms of the overall financial settlement position.</p> <p>Orkney has been allocated £20M Towns Fund funding.</p> | <p>Lobbying continues on these items through the Leader, Depute Leader, Chief Executive and Director of Enterprise and Resources.</p> |
| <p>4. Engaging with the Scottish Government in their</p> | <p>Scottish Government engagement is increasing on this matter, with a series of facilitated sessions involving the Council, NHS</p> | <p>Scottish Government has commenced background work on this with a small</p> |

| Stage 1 Task | Update | Next Steps |
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| <p>project to explore opportunities under a Single Island Authority model alongside the proposals for the National Care Service to provide the best health and care services for our communities.</p> | <p>Orkney and Scottish Government proposed to take place later this year, subject to agreement.</p> | <p>group of academics and public sector leaders. This is to establish the evidence base for change.</p> <p>Continue to engage with Scottish Government on this, including participation in facilitated sessions.</p> |
| <p>5. Analysis and articulation of the benefits and contribution made by Orkney as a community to Scotland, UK and globally.</p> | <p>Fraser of Allander previous work could be updated – but would require budget.</p> <p>Key changes since 2020 should be considered.</p> | <p>No further action at this stage.</p> |
| <p>6. Identifying and exploring opportunities with Scottish and UK Governments around obtaining flexibility in policies and regulations to benefit Orkney.</p> | <p>The Council submitted a response to the Scottish Government’s Consultation on a General Power of Competence on 28 March 2025. If enacted in Scotland, a General Power of Competence could enable local authorities in Scotland to pursue activities that they are currently either prohibited or restricted from undertaking, including, for example, carrying out trading operations for profit, charging for certain services, granting mid-market rent leases and having greater flexibility in the public</p> | <p>Lobbying continues on these items through Leader, Depute Leader, Chief Executive and Director of Enterprise and Resources.</p> |

| Stage 1 Task | Update | Next Steps |
|---|--|--|
| | procurement regulations to support greater use of local small and medium-sized enterprises and/or third sector providers. | |
| 7. Working jointly with other Islands Authorities to maximise the benefit to island communities and to feed into the Scottish and UK Governments and Nordic connections through participation in the Islands Strategic Group, Islands Forum and Nordic / Arctic events. | <p>The Council is actively participating in the Islands Strategic Group and the Islands Forum to better understand alternative models of service delivery that could be considered for Orkney.</p> <p>The Council is actively engaging in Nordic / Arctic events in order to cultivate economic and cultural opportunities to deliver maximum benefit to Orkney.</p> | Participation will continue through the various mechanisms. |
| 8. Researching and learning from Alternative Models of Governance options, such as British Crown Dependencies, Overseas Territories and Nordic connections for consideration by Elected Members. | Updated comparisons are attached. | Analysis to be considered by Elected Members, but advice from officers is that none of the options set out in Appendix 2 are currently in the Council's gift, and that, instead, a Single Authority Model, as advocated by the Scottish Government, would appear to be the approach most likely to deliver positive results. |

| Stage 1 Task | Update | Next Steps |
|--|--|-------------------|
| 9. Developing an evaluation framework for options at stage 2 to ensure the potential desired outcomes for Orkney under each model can be assessed. | Work not started and will only be possible with appropriate level of resource. | |

Constitutional Working Group

Constitutional Models

Headlines

Research Papers

- Bailiwick of Guernsey
- Bailiwick of Jersey
- Falkland Islands
- Faroe Islands
- Isle of Man

With Addendum which includes:

- Aland Islands
- The Azores
- The Canary Islands

Headlines

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1. Constitutional Structures

| British Crown Dependency | British Overseas Territory | Self-governing territory of Denmark |
|---|----------------------------|-------------------------------------|
| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
|---|---|---|
| <ul style="list-style-type: none"> • Never part of the UK, legally or administratively • Own Parliament • Queen is Head of State and the Crown ultimately responsible for their good government. • UK responsible for defence and international relations • Make their own domestic legislation but has to be approved by the Privy Council on behalf of the Crown (and in the case of the Isle of Man by the Lieutenant Governor or Privy Council). | <ul style="list-style-type: none"> • Former part of the British Empire • Constitutionally separate from the UK • The Governor acts as the Queen's Representative — a de facto head of state in her absence • Own Parliament and own local laws. | <ul style="list-style-type: none"> • Self-governing under the Home Rule Act 1948 • Own Parliament • Foreign policy, defence, police, justice and currency remain with Denmark. |

2. Public Self-financing / Operational Issues

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
|--|--|--|
| <ul style="list-style-type: none"> • Raise their own public revenue and do not receive subsidies from or pay contributions to the UK. • All three make annual voluntary contributions towards the cost of their defence and international representation by the UK. • All three are heavily dependent on tax revenues generated through the Financial Services Sector. • The unemployment rate in the Isle of Man is less than 1%. • In March 2016 there were over 32,291 people employed in Guernsey with 4,864 being self-employed and 2,453 employing businesses. 19.6% worked in the finance industry and median earnings were £31,215. • 53,460 people were employed in Jersey as of December 2010: 24% in financial and legal services; 16% in wholesale and retail trades; 16% in the public sector; 10% in education, health and other private sector services; 10% in construction and quarrying; 9% in hotels, restaurants and bars. | <ul style="list-style-type: none"> • Self-sufficient in all areas but defence which is met by the UK Government. • Does not receive any other financial assistance from the UK Government. • Operational revenues exceed expenditure. • Government operates fishing licences which bring in £12m-£15m annually. • The fishing industry contributes between 50% and 60% of annual GDP; agriculture also contributes significantly to GDP and employs about a tenth of the population. A little over a quarter of the workforce serves the Falkland Islands government, making it the archipelago's largest employer. | <ul style="list-style-type: none"> • Raise revenue from personal income taxes, VAT, custom and excise duties, corporate tax rates and other charges (86% of governmental revenue). • Still dependent on Denmark for additional funding —over £100 million per annum. • Operating expenditure exceeds revenue. The Islands are heavily dependent on the fishing sector which is subject to price fluctuations. • Impacted by the collapse of two banks in 1992 and the collapse of the fishing industry in the early 90's. Population has declined since the start of the financial crisis of 2008. |

3. EU Membership / Access to EU Funds

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
|---|---|--|
| <ul style="list-style-type: none"> • Not part of the EU. • Free movement of goods with the EU as part of Protocol 3 of the UK's Treaty of Accession in 1992. • Common customs tariff, levies and agricultural import measures apply. • Other community legislation does not apply. • Not eligible for assistance from the Union's structural funds or under the support measures for agricultural markets. | <ul style="list-style-type: none"> • N/A | <ul style="list-style-type: none"> • Not part of the EU. • Negotiate their own trade and fisheries agreements with the EU and other countries, in consultation with the Danish Foreign Ministry. |

4. Economic issues / Diversification / Dependency

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
|--|--|---|
| <ul style="list-style-type: none"> • Heavily dependent on the Financial Services Sector: Guernsey 40% of GDP; Jersey 41% of GDP; Isle of Man 35% of GDP. <p>All three island groups are looking to diversify their economies and reduce their reliance on the Financial Sector — the Isle of Man appears to be further ahead with growing sectors in film</p> | <ul style="list-style-type: none"> • Key economic sectors — fishing, tourism, agriculture, hydrocarbons, business sector • Fishing Industry contributes between 50-60% of total GDP. • Agriculture, in particular sheep farming, still plays an important part of the economy. • The Rockhopper Exploration struck oil in May 2010. Oil production to commence by 2016. • Strong tourist economy —contributes £4m to GDP annually. • Main export partner —Spain (fish/squid) | <ul style="list-style-type: none"> • Economy vulnerable. Heavily dependent on fishing. Fishery products represent more than 95% of total Faroese exports and nearly half of the Faroese GDP. • Offshore oil found in 2001 but abandoned as unviable. Exploratory drilling in 2006 also abandoned. New exploratory well on hold due to weather conditions. <p>Key trade partners Denmark and the UK.</p> |

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
|--|---|----------------------|
| <p>production, space commerce and internet gaming.</p> <ul style="list-style-type: none"> • All three islands have highly competitive tax regimes, including no VAT, which make the islands attractive for the location and relocation of businesses. • The Isle of Man offers significant financial incentives for new and relocating businesses. • Tourism is an important sector for each of the islands. • Agricultural export is a key sector for all three. • All three islands have good broadband access. | <ul style="list-style-type: none"> • Main import partner UK. • Broadband access is provided by satellite. | |

5. Renewable Energy

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
|---|---|--|
| <ul style="list-style-type: none"> • Plans to build a wind farm capable of delivering around a third of the Isle of Man's electricity needs by 2026 are on schedule. The Isle of Man Government aims to have a decarbonised electricity supply by 2030, as part of its goal to be net zero by 2050. • Jersey is planning an off-shore wind farm of up to around 1,000MW which would produce enough electricity to meet the Island's own needs, with the remainder to be exported. • Guernsey: Currently 93% of the island's power comes from an undersea cable that runs via Jersey, from France. As well as a new cable, Guernsey is investigating generating 65MW of electricity from wind power and 10MW from solar generation. | <ul style="list-style-type: none"> • The predominant source of renewable energy is wind power. • 85% of farms in the Falkland Islands are powered by wind turbines. • Sand Bay Wind Farm displaces 35-40% of the capital's Power Station fuel consumption. | <ul style="list-style-type: none"> • Hydroelectricity supplies 31% of the total electricity in the Faroe Islands. • The Faroe Islands are determined to achieve 100% renewable energy by 2030. |

6. Health Care Systems

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
|--|---|---|
| <ul style="list-style-type: none"> Isle of Man: Residents of the Isle of Man enjoy comprehensive healthcare which is free at the point of contact. The Isle of Man National Health Service (Manx Care) provides a full range of services, from hospitals to district nursing. It would appear that Isle of Man provides health and care internally with no outsourcing outwith the island. The Isle of Man and the UK have a Reciprocal Healthcare Arrangement (RHA) that allows residents of each territory to access emergency healthcare when visiting the other. Jersey: You need a health card to get a subsidy when you visit your General Practitioners (GPs) and to get free prescriptions. Health and Community Services (HCS) is a integrated healthcare organisation. | <p>The Falkland Islands Government Health Service is responsible for the provision of all preventative and treatment services in the Islands, including dental care, social and benefits services.</p> <p>All health-care facilities are based at the King Edward VII Memorial Hospital (KEMH) in Stanley where medical staff are qualified to UK standards.</p> <p>Visitors to the Islands, other than those who are UK residents, are required to pay for any medical services received in the Islands.</p> <p>The isolation means that islanders rely heavily on the availability of medics with general skills. The GPs have to have acute medicine and obstetrics. The islands also rely on a general surgeon.</p> <p>Patients requiring specialist treatment are often sent back to the UK through a reciprocal arrangement with the Department of Health, or to Punta Arenas or Santiago in Chile.</p> | <p>The health care system is mainly based on publicly provided and financed services, as the private part is limited to e.g. dental care and physiotherapy.</p> <p>The Chief Medical Officer is employed by Danish health authorities.</p> <p>The Chief Medical Officer shares responsibility with the Danish Board of Health for supervision of health services in the Faroe Islands.</p> <p>The Faroe Islands have arrangements with Denmark for certain specialised services and for Faroese residents seeking care in Denmark. Residents of the Faroe Islands are entitled to free or subsidised treatment in Denmark under the Nordic Convention on Social Security, and Faroese patients are often referred to Danish hospitals for specialised care that is not available in the Faroe Islands.</p> <p>Radiation therapy and certain specialized chemotherapies are always performed overseas, but the proportion of medical cancer care provided in the Faroes is increasing.</p> |

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
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| <p>Jersey and the UK have a Reciprocal Health Arrangement which means that, if you qualify for free healthcare in Jersey and require emergency treatment when visiting the UK, or vice versa, you won't have to pay certain healthcare charges during the period of your visit.</p> <p>The Channel Island Alliance for Health and Social Care will "explore options for more joint working".</p> <p>The Alliance provides a forum for "collaboration and partnership" to make the system "more integrated and resilient".</p> <ul style="list-style-type: none"> Guernsey: Established a Committee for Health & Social Care with effect from 1 May 2016. Guernsey residents registered for the payment of income-related Social Security contributions are covered by the 'Specialist Health Insurance Scheme' provided by the Medical Specialist Group consultants. Primary care is provided on a private basis by three General Practice partnerships | | <p>Cancer surgeries are predominantly performed abroad.</p> |

| Bailiwick of Guernsey Bailiwick of Jersey Isle of Man | Falkland Islands | Faroe Islands |
|--|-------------------------|----------------------|
| <p>whilst some secondary care and specialist services are free.</p> <p>Guernsey and the UK have a Reciprocal Healthcare Arrangement (RHA) that allows residents of each territory to access emergency healthcare when visiting the other.</p> <p>Jersey's and Guernsey's health authorities, through the Channel Island Alliance for Health and Social Care, have pledged to work together to improve healthcare.</p> <p>The Alliance provides a forum for "collaboration and partnership" to make the system "more integrated and resilient".</p> | | |

Addendum

1. Constitutional Structures

| Åland Islands | Canary Islands | Azores |
|---|---|--|
| <p>Åland is a self-governing region of Finland with a population of 29,000 (similar in population to each of the three islands councils). An Act of Parliament granting Åland autonomy took effect in 1922 and since then the islands have been on their own journey of evolutionary devolution. The island is currently working on its 4th autonomy act that will see even more powers devolved from Finland to the Swedish speaking islands.</p> | <p>The Canary Islands – one of Spain's autonomous communities – are also one of the Community's "ultra-peripheral regions" to which all of the EC Treaty provisions apply by virtue of Article 299 (2) of the Treaty.</p> <p>Until July 1, 1991, the Canary Islands shared the same status <i>vis a vis</i> the EU as Ceuta and Melilla which are also Spanish autonomous communities. The relationship of these regions with the EU was governed by Protocol 2 of the Spanish Accession Act. This broadly provided that the Canary Islands were part of the EU but were excluded from the Community's Common Customs Tariff (CCT) and from the Common Agricultural Policy (CAP).</p> <p>In 1991, the Canary Islands took the view that it would be more economically viable to be part of the CCT. This was particularly because Spain was approaching the end of its transitional period following its accession to the EU in 1986 and would also become fully part of the CCT. The EC Council therefore, in 1991, adopted a Regulation providing for the gradual incorporation of the Canary Islands into the CCT.</p> | <p>As an autonomous but integral region of Portugal, foreign affairs and defence are the responsibility of the national government. As is all of Portugal, the Azores are in the European Union and Schengen Area. They are also in the European Union Customs Union and VAT area but levy a lower rate of VAT than applies on the mainland. The Azores, like Madeira and the Canary Islands, are among the European Union's state territories with special status, and are one of its designated "Outermost Regions".</p> |

2. Public Self-financing / Operational Issues

| Åland Islands | Canary Islands | Azores |
|--|---|---|
| <p>All taxes, duties and fees collected in Åland by the Finnish state are returned roughly in line with Åland's share of Finland's population. This gives Åland's Parliament a budget of around £280m.</p> | <p>The Canary Islands enjoy some major tax advantages over the rest of mainland Europe. The Canary Islands Special Zone is a low tax zone created within the framework of the Canary Islands Economic and Fiscal Regime (REF) for the purpose of promoting the economic and social development of the Islands and diversifying their production structure. The Canary Islands Special Zone was authorised by the European Commission in January 2000 and extended in December 2006.</p> | <p>The economy of the Azores is mainly specialised in services, which in 2019 accounted for more than 70% of total GDP and employment. Once central to international trade routes, the Azores are now aspiring to regain a prominent international role by leveraging their unique geographical, natural and historical attributes.</p> |

3. EU Membership / Access to EU Funds

| Åland Islands | Canary Islands | Azores |
|---|---|---|
| <p>Åland has been part of the European Union since Finland's accession to the EU in January 1995. The Act on the Autonomy of Åland gave the inhabitants the right to decide autonomously whether the province should be integrated into the European Union.</p> | <p>The European Commission approved the following schemes under EC Treaty state aid rules for the Canary Islands. These two regional aid schemes were: the Economic and Fiscal Regime (REF) and the Special Economic Zone (ZEC). These measures were introduced to promote regional development in the Canary Islands by enabling companies established in this outlying region to overcome their natural structural handicaps. The fiscal measures, with a combined planned budget of €7,135 million for the period 2007-2013, offered incentives for investment, job creation and the diversification of the regional economic structure.</p> | <p>EU cohesion policy has been of major importance for the Azores. In macroeconomic terms, it has had a positive impact on regional GDP (with a 3.4 % increase over the last 30 years), boosting investment and employment. Furthermore, it has been considered that the significant improvements in local living conditions and job opportunities resulting from EU funding have made it possible for the Azores to retain their local population, avoiding the 'outmigration' phenomenon.</p> |

4. Economic issues / Diversification / Dependency

| Åland Islands | Canary Islands | Azores |
|---|--|---|
| <p>Important sources of income for Åland are shipping and ferry services, tourism, and the processing of agricultural and fishery products.</p> <ul style="list-style-type: none"> • GDP per capita: €36,200 (2020) | <p>The Blue Economy Strategy in Canary Islands identifies 13 blue economy sectors, with tourism being the most important sector of the blue economy and the economy overall, accounting for 33% of total gross domestic product (GDP) and 36% of employment. According to the Blue Economy Activity Report 2021, other blue economy sectors contributed to 6% of GDP and 7% of employment in 2020.</p> | <p>The main sectors of employment of the Azores are services, agriculture, fishery, industry and tourism.</p> |

5. Renewable Energy

| Åland Islands | Canary Islands | Azores |
|--|---|---|
| <p>Copenhagen Infrastructure Partners, Flexens, and Lhyfe have formed a partnership for the development and construction of an ambitious integrated energy island solution enabling large-scale offshore wind, green hydrogen production, and other local anchored value creating activities on Åland.</p> | <p>The Canary Islands' advantageous wind conditions have spurred the growth of wind energy projects in the region. As of 2021, several wind farms have been developed across the archipelago, with a combined capacity of over 400 MW. The regional government has also set ambitious goals for wind energy production and has been investing in the expansion of the sector.</p> <p>The Canary Islands Energy Strategy (EENCan) outlines a roadmap for the region's energy transition, aiming to achieve 60% renewable energy generation by 2030 and 100% by 2050.</p> | <p>Investments of around 131.9 million euros in renewable energy are planned by 2027.</p> |

6. Health Care

| Åland Islands | Canary Islands | Azores |
|--|---|--|
| <p>Ålands Hälsa och sjukvård (ÅHS) is in charge of public health care in Åland. It offers medical care to both the local population and visitors. This includes everything from preventive care to specialised hospital care.</p> <p>If you work in Åland, you are entitled to the Province's healthcare services whether you live in Åland permanently or not.</p> <p>While Ålandians are not typically entitled to mainland Finnish healthcare, they can receive treatment on the mainland in cases of serious illness or injury that cannot be managed on the island.</p> | <p>The Canary Islands public health service is managed by the regional government under Spain's national healthcare system. They have both public and private healthcare options.</p> <p>The Canary Islands have the same healthcare arrangements with mainland Spain as the rest of the country.</p> | <p>Although a territory of Portugal, the Azores maintain a separate healthcare system with public and private services.</p> <p>Health services are distributed differently across the islands so access to care may vary by region.</p> <p>Where certain specialisms do not exist, patients may qualify for treatment in Portugal.</p> <p>Also, the Azores are trying to promote an "elimination of distances, through teleconsultation, with other islands", also using collaboration with external agents connected to the health service, having already signed agreements with several insurers and ADSE Azores.</p> |