Islands Resilience Fund 2026

Frequently asked questions

Version 1 – 17 August 2026

HIE
Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

Question	Response
What is the total value of the fund available?	It is £3m in 2026/27. This is the first phase of the £10m Islands Resilience Fund to be delivered over the lifetime of the current Scottish Parliament and builds on the £4.4m assistance previously provided during 2025/26.
What are the eligible sectors?	Eligible sectors are: • Retail outlets (shops, stalls, markets) affected by reduced footfall • Cafes, restaurants and other eateries • Hotels, B&Bs and other accommodation providers e.g. youth hostels, campsites, pods, etc. • Visitor attractions including museums, art galleries, indoor/outdoor leisure facilities and events. • Transport operators in the visitor economy (taxi, bus, cycle hire) • Tour operators and guides, including those offering bespoke experiences such as retreats, whale watching, fishing, etc. • Catching, farming (i.e. fish and shellfish), processing and manufacture of perishable* food and drink items e.g. fresh seafood • Haulage of perishable, non-perishable goods and livestock. **Perishable food and drink items are products with a limited safe or commercial shelf life which may deteriorate, spoil, lose value or become unsafe if delayed in transport or not kept under appropriate storage conditions (usually 0-5 degrees Centigrade). Key examples include meat, dairy and fish.*
How is this fund different from the Islands Business Resilience Fund delivered during 2025/26.	In response to feedback provided at Scottish Government consultation events, some criteria have been adapted and refined to ensure funding is reaching those most impacted by disruption. In addition to the original fund criteria: - Organisations based on Harris and Scalpay are now eligible to apply. - Organisations with a turnover of £15,000 or more may apply. - Organisations operating in the visitor economy and perishable goods sector are eligible to apply. This includes: Catching, farming (i.e. fish, shellfish), processing and manufacture of perishable food and drink items e.g. fresh seafood and the haulage of perishable, non-perishable goods and livestock.

I received Islands Business Resilience Funding last year; can I re-apply?	Previous successful applicants will be contacted by email by HIE staff to confirm continuing eligibility and **do not** need to reapply.
When can I apply?	Expressions of interest can be submitted from 12 noon on Monday 17 August 2026 to 12 noon on Monday 28 September 2026. Previous successful applicants will be contacted directly by HIE and do not need to reapply.
What will happen after I submit my Expression of Interest?	For new applicants, once the form has been completed online and submitted to HIE, you will be invited to register for HIE's customer portal. You will then be required to complete an online application form and provide supporting documentation e.g. annual accounts, full self-assessment form, bank statement.
What will be the value of grant available to new applicants and how will the value of grant be decided?	The award is a non-repayable revenue grant based on turnover and average annual employee numbers. The value of awards will be based on demand, size and turnover of organisations that apply for support. We expect awards to range from £3,000 to £35,000.
What will be the value of grant available to previous successful applicants?	Previous successful applicants will be contacted and asked to confirm that they continue to meet the eligibility criteria. We expect the value of awards to range from £1,000 to £35,000.
Is the Fund first come first served?	No. If you meet all the eligibility criteria and can comply with HIE's Terms and Conditions then you will be awarded a share of the fund.
When will payments be made?	The final date for submission of Expressions of Interest is 28 September 2026 and the final date for submission of applications is 8 October 2026. We expect decisions to be made by mid October 2026. We expect to make final payments by 18 December 2026.
What islands are included in the fund?	**Arran** **Barra** **Benbecula** **Berneray** **Coll** **Colonsay** **Eriskay** **Gometra** **Grimsay** **Harris** **Iona** **Islay** **Jura** **Mull** **North Uist**

	Scalpay **Small Isles (Canna, and by extension Sanday, Muck, Rum & Eigg)** **South Uist** **Tiree** **Ulva** **Vatersay**
How were the eligible islands selected?	The Fund is intended to respond to the continuing impact of sustained ferry disruption experienced by some island communities. Evidence from previous rounds of funding utilised operational ferry performance data, stakeholder feedback and analysis undertaken by HIE and the Scottish Government to identify islands experiencing the greatest impacts. This evidence demonstrated significant variation in the scale and nature of disruption experienced across Scotland's islands, with some communities facing prolonged service cancellation, reduced capacity, timetable changes and constraints on the movement of goods and people. Analysis undertaken by HIE also identified worsening disruption affecting Harris and Scalpay over the past 15 months, particularly on the Uig-Tarbert/Lochmaddy and Berneray-Leverburgh routes. This evidence has informed proposals to expand eligibility and include Harris and Scalpay for the 2026/27 Fund.
Why was my island not selected?	Analysis provided by Transport Scotland and Calmac demonstrated that the impact of ferry disruption was greater in the selected islands.
How were the eligible sectors selected?	The funding focuses on the sectors most affected by disruption and therefore businesses where resilience funding will make the most impact going forward. Intelligence was gathered from industry groups, the wider business sector and Scottish Government consultation events.
What types of organisations are eligible?	All types of businesses, social enterprises and community organisations who meet the eligibility criteria may apply.
We are a small voluntary organisation, with no employees. Can we apply?	Yes, organisations with no employees who meet the eligibility criteria may apply.

Our community organisation receives an annual grant from the local authority. Do we include the grant as income?	All organisations must generate at least £15,000 income in their last accounting period. Income can include traded income (i.e. selling a product or service), donations, membership fees and grants from private organisations. Any public sector grants are excluded and must be deducted from annual income figures. Organisations must generate at least 50% of their eligible income excluding public sector grants from one or more eligible sectors on one or more eligible islands.
I am self-employed but I also have a job working for another business. I earn more from my other job - can I apply?	No. Self-employed individuals may only apply if their income from self-employment from eligible sectors and islands is more than any other income (including pensions and wages/salaries). For example, if you receive an annual pension of £30k and you earn £15k from running a B&B you cannot apply as your main income is your pension and it is more than your income from your B&B.
I am self-employed and due to the seasonality of my business interests, I generate income from various sources throughout the year. Am I eligible to apply?	Applications can be accepted from self-employed individuals with multiple income sources if their total income exceeds £15,000 and more than 50% of total income is from one or more of the eligible sectors and islands.
I own multiple businesses in eligible sectors in eligible islands, can I make an application for each?	An application can be made for each individual trading entity, if they meet the specified criteria.
I am self-employed, do I count myself as an employee?	**Some clarity around self-employed/partnerships and employee numbers**: If you are a sole trader or partner, you are not an employee and cannot class yourself as such - see https://www.gov.uk/employment-status/selfemployed-contractor. However, self-employed people can have employees. Therefore, if you are a sole-trader or self-employed you are NOT an employee. They are completely different in terms of legal and tax status. A sole trader cannot classify themselves as an employee of their own business. As a sole trader, you are the business, and you are self-employed for tax purposes. This means you don't have an employer-employee relationship with your own business. Instead, you pay yourself through personal drawings from the business profits. Here's why: - Sole trader = self-employed: when you register as a sole trader, you are essentially registering yourself as self-

<table>
<tr><td></td><td>employed. Your business and you, as an individual, share the same legal and tax status.
- No employer-employee relationship: you don't have a separate employer entity that pays you a salary or wage.
- Drawings, not salary: you pay yourself by taking ‘drawings’ from the business profits, not through a traditional salary or wage.
- Tax implications: your income tax and National Insurance contributions are calculated based on your business profits.</td></tr>
<tr><td>I’m a director of a company, can I include myself as an employee?</td><td>Directors can be included as employees only if they receive a wage/salary from their company. Directors who only receive dividends cannot be counted as employees in your application.</td></tr>
<tr><td>How do I calculate average annualised employee numbers?</td><td>For your application, we request details on your average annual employee numbers – your full time equivalent (FTE) information.

Employee numbers will depend on the number of hours worked by each individual.

A full time equivalent (FTE) post is 30 hours minimum but could be 35 to 40 hours according to your organisation’s normal working hours.

For part-time staff year-round add 0.5 of a post and the same for full-time seasonal.

For part-time seasonal staff count 0.25.

e.g. The business has 1 full-time member of staff, 4 full-time seasonal staff and 1 part-time seasonal member of staff. The calculation would be as follows:

<table>
<tr><td>Employee work pattern</td><td>No. of staff in each category</td><td>FTE</td></tr>
<tr><td>Full-time (1 FTE)</td><td>1 (1x1)</td><td>1</td></tr>
<tr><td>Part-time (0.5 FTE)</td><td>0 (0x0)</td><td>0</td></tr>
<tr><td>Full-time seasonal (0.5 FTE)</td><td>4 (4x0.5)</td><td>2</td></tr>
<tr><td>Part-time seasonal (0.25 FTE)</td><td>1 (1x0.25)</td><td>0.25</td></tr>
<tr><td></td><td>TOTAL FTEs</td><td>3.25</td></tr>
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</td></tr>
<tr><td>I’m self-employed. For my turnover figure, what evidence do you require?</td><td>Self-employed applicants must detail the income figure, from their self-assessment return for 24/25, as declared to HMRC before the deadline of 31 January 2026. The income/turnover figure includes the takings, fees, sales, or money earned by your business. Self-employed applicants must also upload a HMRC download of their final self-</td></tr>
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	assessment return (this should be the **full** assessment document, not just the summary) showing their Unique Tax Reference (UTR) number and total income received.
I am a Partner in a business. What information do I need to provide?	Independently prepared annual accounts for the partnership OR a download of the final partnership return as submitted to HMRC (this should be the **full** assessment document, not just the summary). If annual accounts are submitted then a recent document from HMRC showing the Partnership UTR number is required, not necessarily the full return.
My husband and I jointly own a holiday let. We split the income between our 2 separate businesses, both earning less than £15k. Can we apply to the fund?	No. Each individual trading entity must generate at least £15,000 turnover in their last accounting period.
My husband and I jointly own a holiday let and split the income. Can we apply as a partnership.	No, you would have to apply as sole traders (if you meet the other criteria). Only partnerships registered with HMRC can apply.
We are a small retail business and I sell the majority of my products online, am I eligible?	No, you must generate at least 50% of your turnover from one or more of the eligible sectors on one or more of the eligible islands. <u>Online sales will be classed as off island sales unless the goods sold online are perishable e.g. fish.</u> The Islands Business Resilience Fund has been designed to primarily support businesses which rely on footfall to the islands. An online sale is the digital process of buying and selling goods or services over the internet, involving online browsing, ordering, and payment via websites, apps, or social media, encompassing the **entire transaction** from customer engagement to purchase completion, whether for physical items, digital products, or services. For the purposes of the IRF this will mean that the customer is not physically present on the applicant's eligible island when their purchase is fulfilled.
I was a sole trader, but only recently became a	An application can be made as your current entity. However, evidence of your trading as a sole trader, prior to 1 April 2025, should be provided.

limited company. How do I apply?	
I had to close my business. Can I still apply?	No, you must be trading and intend on continuing to trade in the eligible sectors for the next 12 months.
What are the obligations and the obligation period.	The obligations are contained in **HIE's terms and conditions** which you will need to agree in order to receive the grant funding. You will need to comply with the obligations for one year (the obligation period), for example if you sell the business within 12 months of the award you must inform us and we may reclaim the grant.
What is a registered address?	A registered address is the official, legally registered location of a company or LLP (Limited Liability Partnership), used for official correspondence from Companies House and other government bodies. It must be a physical address in the country of incorporation (England, Wales, Scotland or Northern Ireland) and is publicly available.
What is a trading address?	A trading address is the physical location where a business carries out its day-to-day operations and receives correspondence. It's the address where the business operates from and where customers, suppliers and other contacts can find the business. This could be a commercial property like an office or shop, or even a home address if the business is run from there. Unlike registered addresses, trading addresses do not have to be made publicly available.
How do I apply?	Previous successful Islands Business Resilience Fund applicants will be contacted directly by HIE staff to confirm continuing eligibility and do not need to complete an expression of interest form. New applicants should complete the **Expression of Interest Form**. The fund will be open until 28 September 2026 at 12 noon. Once the form is submitted you will be invited to register for HIE's customer portal. You will then be required to complete an online application form and provide supporting documentation. You will need to provide: • evidence of turnover – this could be full set of your annual accounts or for sole traders/partnerships, the HMRC download of the final self-assessment return (this should be the full assessment document) that you submitted as part of your last tax return (which was due at the end of January 2026) • for sole traders/partnership applicants, the HMRC download of the final self-assessment return (this should be the full assessment document) that you submitted as

	part of your last tax return (which was due at the end of January 2026) showing your Unique Tax Reference (UTR) number • recent bank statement – clearly showing account name, account number and bank sorting code. Applications will be assessed **and decisions made by mid October** 2026. We expect to make payments by the end of December 2026.
How will I know what is happening?	On submission of your Expression of Interest form, you will see an on-screen confirmation message. You will later receive an acknowledgement email and an invitation to register for HIE's online client portal. Once registered you will be sent a link to your online application form for completion and upload of supporting documents.
Is there an appeals process?	We are unable to consider a complaint purely relating to dissatisfaction as to the outcome of a funding decision. There is NO appeals process however, if you have identified a specific process failure relating to your application then you may wish to make a formal complaint. See our **complaints process** for more information.
I am not eligible; what help is there for my business?	Contact your local Business Gateway office. Business Gateway is the universal business support service across Scotland [**Business Gateway | Business Gateway**]. Support can also be accessed on the Find Business Support website which lists support available from the public sector. See your options for grants, funding, advice, help, events and more – all in a single location [**https://findbusinesssupport.gov.scot/**]
Are Female Led Organisations more likely to receive funding through the programme?	No, the reason for asking the question regarding female ownership is for gathering of information only and is not part of the eligibility criteria.
Has an Island Communities Impact Assessment been carried out in relation to the Islands Business Resilience Fund?	The Island Impact Assessment relating to the expansion of the fund will be published in due course.