

A Smart, Successful Scotland – the Highlands and Islands dimension

Chairman's foreword

Have your say on the direction of economic and community development in the Highlands and Islands

On 11 November 2004, the Deputy First Minister launched the refreshed version of 'A Smart, Successful Scotland', the Scottish Executive's strategic direction to the country's two enterprise networks and an enterprise strategy for Scotland as a whole. The document is available from the Scottish Executive, or online at www.scotland.gov.uk

In June 2005, Highlands and Islands Enterprise will in turn launch 'A Smart, Successful Scotland – the Highlands and Islands Dimension', setting out how the HIE network will deliver the national development imperatives in the north and west half of Scotland.

The HIE board has begun its own detailed discussions on priorities for the next three to five years and will determine its conclusions in May. We believe it is essential to take account of thoughts and ideas from across the Highlands and Islands on where the focus of effort ought to lie and are therefore embarking on our widest ever public consultation.

I invite you to use this paper to offer your views on a range of issues affecting the direction of economic and community development in the Highlands and Islands and how the HIE network should approach its task. The paper may be completed in hard copy, or online at www.hie.co.uk/consultation.htm where we are also setting up a discussion forum. Please note that the closing date for this consultation will be **Friday, 18 March, 2005**.

Clearly, HIE will continue to operate within the framework set out in the refreshed 'A Smart, Successful Scotland', helping to deliver national economic priorities while also fulfilling its unique role in community development. That said, it is up to HIE to determine how best to achieve nationally-determined goals in the particular context of the Highlands and Islands. Ours is an area of distinctive challenges and opportunities and it is vital that these are carefully addressed and reflected in HIE's actions.

As well as formally seeking the views of a wide range of organisations, businesses and individuals, we are inviting anyone with an interest in the area's future to have their say through our website. Every response will be read and considered carefully.

I would encourage you to take part in this important exercise and look forward to receiving your feedback.

William Roe

Chairman

Highlands and Islands Enterprise

Setting the scene – the Highlands and Islands in the 21st century

Since the mid-1960s, the economic fortunes of the Highlands and Islands have turned round remarkably, following a century or more of decline. The clearest picture of how dramatic the change has been comes from the growth of population and jobs. The population of the Highlands and Islands has grown by around 15 per cent while, during the same period, the number of people in work has gone up by nearly 50 per cent.

Most parts of the Highlands and Islands experienced progress during that period. Orkney and Shetland benefited continuously from the impact of oil-related activities, including the terminals at Flotta and Sullom Voe. The Moray Firth area enjoyed similar progress, originally generated by oil, then driven by economic diversification, the growth of the city of Inverness and major infrastructure improvements. Oil-related employment also helped the economies of the Western Isles, west Ross, Skye, Dunoon and Bute, but on a more short-lived basis. Expansion in locally-based activities such as salmon farming, tourism, small-scale manufacturing and service provision contributed to economic growth in many rural areas, including Skye, Mull, Arran, west Ross and mid-Argyll. At the same time, the towns of the Highlands and Islands grew in population – typified by Kirkwall, Fort William and Oban.

One of the most striking features is the range of new business activities which have sprung up in an area whose economic base was so narrow 40 years ago. Healthcare products, microchip production, jewellery, lithium-ion battery manufacture, high-quality food, teleservice businesses and, most recently, assembly of renewable energy devices testify to the attractiveness of the Highlands and Islands. The most ubiquitous of the area's industries – tourism – has worked consistently over the period to expand the range of products, improve the quality of accommodation and service and compete in the world's most open market.

Modernisation of transport infrastructure has also played a key role. Most of the region's major roads were improved, notably the reconstruction of the A9 between Perth and Clashmore. Modern car ferries were introduced and air services benefited from new aircraft and airport upgrading. Cultural advances were made, with measures to stimulate the Gaelic language, including Gaelic-medium education and the establishment of Sabhal Mor Ostaig. A sea change in higher education provision was signalled by the commitment of many organisations and individuals to develop a university. The arts flourished, both in terms of the provision of infrastructure and also the support given to artists.

That said, the area also experienced setbacks. Oil and gas fabrication, which once employed thousands, fell victim to a global downturn at the end of the last decade. In contrast with our towns, population in some of our more remote rural areas, particularly the smaller islands, continued to decline. Traditional industries, including agriculture and fishing, faced many hardships. Perhaps most seriously for the area's long-term prospects, many young people had no choice but to leave the area to pursue their education, some never to return.

Clearly, progress has not been universal. Even now, some areas continue to exhibit the symptoms of decline which once characterised the Highlands and Islands as a whole. Special efforts to turn round the fortunes of such areas will continue.

What are the challenges now facing us?

The preceding paragraphs summarise the recent history of economic development in the Highlands and Islands. However, we still face several key development challenges and we are keen to gather your views on which should be given the highest priority.

Q1. *Please list below the three most important challenges which you believe the Highlands and Islands will face in the next three to five years explaining why, if you wish.*

<p>a) Challenge: Promoting the unique “lifestyle environment” of the HIE area, to attract new entrepreneurs and investment into the economy.</p> <p>Why do you say that? The HIE area needs to be especially competitive, to compensate for its peripheral location in a UK and European context.</p>
<p>b) Challenge: Address the significant impacts of the anticipated cutbacks in Service Personnel at Defence establishments in the HIE area – RAF Lossie, RAF Kinloss, Fort George, Benbecula etc.</p> <p>Why do you say that? The economy of parts of the HIE area have become dependent on Defence, and must diversify.</p>
<p>c) Challenge: Retain a higher proportion of the 16-25 age group, traditionally lost from rural areas to the jobs market and higher education of the cities.</p> <p>Why do you say that? We need to foster a dynamic “intelligent” workforce that stays on in the area to develop the local economy and will reverse the normal trend towards an older, static, population profile.</p>

Should we be confident about the future?

The progress which we have witnessed in recent decades is a reversal of a series of very long-term trends which worked cumulatively against the fortunes of the Highlands and Islands.

A number of important lessons can be learned from this to ensure that the turnaround is extended, achieving a complete transformation in the wellbeing of the area. Nevertheless, it is essential to question our confidence in the future and to examine the evidence which might support it.

An element of reassurance comes from the reversal of the long-term decline itself. There can be a danger that those who lived through the period of improvement now take it for granted, but if any reminder is needed of what much of the Highlands and Islands looked like in the 1960s, there remain sufficient examples in our most fragile areas to warn us against over-optimism.

How confident are you about prospects for the area?

Statement	Very good	Good	Neither good nor poor	Poor	Very poor	Don't know
<i>Thinking about the next three to five years, how do you think the prospects look for the Highlands and Islands?</i>	✓					

A smart successful Highlands and Islands?

The refreshed ‘A Smart, Successful Scotland’ indicates the importance which the Scottish Executive attaches to achieving sustainable economic growth. To achieve this in the Highlands and Islands, we need to have clear objectives.

The HIE network believes we need to have more people living and working in the area, including the most remote parts, as research shows that economic success and population growth go hand in hand.. We also think income levels in the Highlands and Islands need to rise – these are currently significantly below national levels. The area’s trend towards economic diversification should also continue, with overall employment levels continuing to rise through business starts, business growth, inward investment and jobs relocation. As part of the skills and lifelong learning agenda, we need to achieve a more highly-skilled and adaptable workforce, including flows of graduates from the forthcoming university of the Highlands and Islands (currently UHI Millennium Institute).

Besides these demographic and economic changes, we believe there is a need to expand the availability of facilities and amenities, which together contribute to people’s perceptions of quality of life. In HIE’s view, that means more restaurants, more shopping opportunities, more theatres, more galleries, more sports facilities, more opportunity to access the countryside and – not least – a willingness to embrace change and welcome new people to the area.

What should the HIE network’s strategic objectives be?

Q3. *The strategic objectives which we believe should lie at the heart of the HIE Network’s effort over the next three to five years are listed below. Please rank them in order of priority from 1 to 4 where 1 represents the highest priority and 4 represents the lowest priority.*

	Rank
a) raising average incomes	3
b) encouraging more people to live and work in the area	2
c) creating employment	1
d) focussing development effort on the more economically disadvantaged parts of the Highlands and Islands	4

Are there any other strategic objectives we should have? If so, please detail them in the box below:

To make the HIE area for more accessible – electronically for e-business; and physically, by road, air and rail connections south and east.

What needs to happen to take the area forward?

This section covers some of the areas of effort which, we think, will be important in taking the Highlands and Islands forward. There are a number of statements below grouped under eight headings. Please indicate the extent to which you agree or disagree with each statement by marking a tick in the relevant box. Your responses will help us gauge the importance of these developments and the extent to which the HIE Network should be involved in each.

Q4. Population

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<i>The growth of the city of Inverness is essential to the progress of the area as a whole</i>	✓					
<i>The Highlands and Islands needs more people living in the main towns</i>		✓				
<i>The Highlands and Islands needs more people living in rural areas</i>		✓				

Q5. Renewable energy

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<i>The Highlands and Islands needs to embrace the opportunities offered by renewable energy</i>	✓					

This is not to be regarded as endorsing large scale development of windfarms within the HIE area (see further comments)

Q6. Higher education

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<i>A university of the Highlands and Islands is essential to the area's long-term progress</i>	✓					

Q7. Global connections

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<i>Making global connections is not just about increasing the flow of information into and out of the region, it also embraces the transfer of people, ideas and investment. These movements are vital to the success of the Highlands and Islands economy.</i>	✓					

Q8. Business growth

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<i>The Highlands and Islands need more businesses of scale to ensure the success of the area's economy</i>		✓				
<i>Businesses in the Highlands and Islands should focus on research and development and embracing new ways of working in order to improve their productivity and competitiveness.</i>	✓					

Q9. Information and communications technology

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<i>Taking advantage of the opportunities offered by broadband is essential to the area's long-term progress</i>	✓					

Q10. Transport

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<i>Continuous improvement to transport links within the Highlands and Islands is essential to the area's long-term progress</i>		✓				
<i>Continuous improvement in transport links to the rest of the UK and overseas is essential to the area's long-term progress</i>	✓					

Q11. Community development

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<i>Community ownership of land or marine resources represents a vital opportunity for economic and social development in the Highlands and Islands</i>			✓			
<i>Investing in the region's cultural heritage (language / traditional music / arts) is essential to the future development of communities in the Highlands and Islands</i>		✓				

Q12. Considering the areas of development covered by the preceding questions please indicate the **three** that you feel are the most important to the **overall development of the Highlands and Islands**. Please rank them in order of priority in the table below from 1 to 3 where 1 represents higher priority and 3 represents lower priority.

Q13. Again, considering the areas of development covered by the preceding questions please indicate the **three** that you feel the **Highlands and Islands Enterprise network should focus its resources on the most**.

	Q.12	Q.13
a) Population growth		
b) Renewable energy		
c) University of the Highlands and Islands	2	3
d) Comprehensive and affordable broadband		2
e) Improvements in transport links	1	
f) Community ownership of land or marine resources		
g) Development of the area's cultural heritage		
h) Making global connections		
i) More businesses of scale		
j) Improved productivity and competitiveness	3	1

Further comments

Please feel free to add any final thoughts on the issues raised above, or any other views you have on the development of the Highlands and Islands and the role of the HIE network in taking that development forward

1. The Enterprise Company network of HIE could, with relatively little adjustment be made more effective in Moray by matching MBSE's boundaries with those of the local authority ie a Moray Enterprise Company.

Despite a common Economic Strategy, the two areas of Moray (50% geographically and 85% of population) and Badenoch (50% geographically and 15% of population) have remained functionally separate with Council services, Tourist Boards, Colleges and Chambers of Commerce. There may be considerable efficiencies in breaking this somewhat artificial link.
2. The Enterprise Network in the HIE area has been slow to engage with European Objective 2 areas in the east of Moray, which comprises some 15% of the total HIE population, and includes the second largest town of the HIE area. HIE should develop its European expertise to take greater advantage of Objective 2 Programme potential.
3. HIE should give early priority to developing a 'Renewable Energy Strategy' which acknowledge the huge potential of the area to accommodate 'renewables'; the need to match this potential with local benefits to the economy; and the need to respect the unique land and marine environments of the HIE area in a promotional strategy.

Respondee information

Please complete the details below and include it with your response. This will help ensure we handle your response appropriately:

Name: Chief Executive

Postal address: The Moray Council, Council Offices, High Street, Elgin, IV30 1BX

Email address: akeddie@moray.gov.uk

1. Are you responding as: (please tick one box)

a) an individual (go to 2a/b)

b) **on behalf of** a group or organisation (go to 2c)

2a. **Individuals:**

Do you agree to your response being made available to the public (on HIE website)?

Yes (go to 2b)

No, not at all

2b. **Where confidentiality is not requested**, we will make your response available to the public on the following basis (please tick **one** of the following boxes)

Yes, make my response, name and address all available

Yes, make my response available, but not my name or address

Yes, make my response and name available, but not my address

2c. **On behalf of groups or organisations:**

Your name and address as respondees *will be* made available to the public. Are you content for your response to be made available also?

Yes

No

3. We will share your response internally with other HIE policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for HIE to contact you again in the future in relation to this consultation response?

Yes

No