Key Priorities for Highlands and Islands Post 2020
The Convention of the Highlands and Islands
31 October 2016

1. **Background**

1.1 At its meeting on 7 March 2016, following on consideration of EU funds post 2020, the following action was agreed by COHI:

> *Scottish Government and HIE, UHI and SFC to organise a workshop for CoHI members to consider key priorities post 2020 for the Highlands and Islands area.*

Following on that action, a workshop for senior officers was held on 28 August 2016. A write up from that workshop is produced as **Appendix 1.**

1.2 A number of shared key challenges for the area were identified across 11 themes, as well as some issues which were relevant to a narrower grouping of partners. With a view to being clear on desired outcomes, the group then developed a vision around the shared themes set out on pages 6 to 9. During discussion around how the vision might be realised a number of further points emerged which are set out on pages 9 and 10 of the report.

1.3 The workshop highlighted a number of positive initiatives being taken forward by individual member organisations. However, it was acknowledged that despite these, the Highlands and Islands continues to have significant shared and common challenges in supporting rural communities as well as delivering sustainable growth in urban centres to benefit the region as a whole. Consequently, it was agreed that more of the same is not enough – there is a need to be bold and to be visionary and to ensure that, as a cross-sectoral regional group, COHI is able to achieve more than the sum of its parts.

1.4 It was agreed that it would be helpful to compile information on the initiatives that were having a positive impact in the Highlands and Islands to identify which of these could be enhanced by improved collaboration between COHI partners.

1.5 It was recognised that it would be important to avoid duplication of effort with the other forums that had been established by the Scottish Government – such as the Islands Strategic Working Group; the Strategic Transport Forum; the Skills, Investment Plan Programme Board and the Crown Estate Working Group. However, COHI could provide a useful coordinating role, especially given the cross-sectoral nature of COHI membership compared with some of the other groups.

1.6 Ultimately, time available at the workshop was limited and as the day progressed it became apparent that a further work would be needed to develop actions for COHI to consider and which could not be completed without further collaboration. However, due to time constraints it was not possible to organise a further workshop and so this report has been developed collaboratively between the local authorities represented at COHI to inform discussion at the Convention in October 2016.

2. Proposed Strategic Direction for COHI

2.1 From the 11 themes and additional related issues identified in the Workshop and which are set out in **Appendix 1**, the local authorities senior officers' group has identified 3 over-arching and inter-related strands:

1. Inclusivity – valuing and investing in rural communities; access to services; equality of opportunity
2. Economy – Skills, Innovation & Entrepreneurship, maximising natural resources, inclusive growth
3. Connectivity – Transport, Digital and Energy

2.2 The graphic at **Figure 1** represents this in a single dynamic image. Each strand is important in its own right but they also overlap and have significant inter-dependencies: In order to make lasting progress on one, it is necessary to progress all three and all COHI members will need to work collaboratively to make this happen. By doing so, it will also further the key themes in the Programme for Government – thereby translating the Scottish Government's Plan for Scotland into a Plan for the Highlands and Islands.

2.3 It is proposed that substantive agenda items for each Convention should be selected by taking one priority from each of the three groups, and one from the central section, accompanied by a standing item which would provide an overview of progress across all three strands as a whole.

Figure 1.
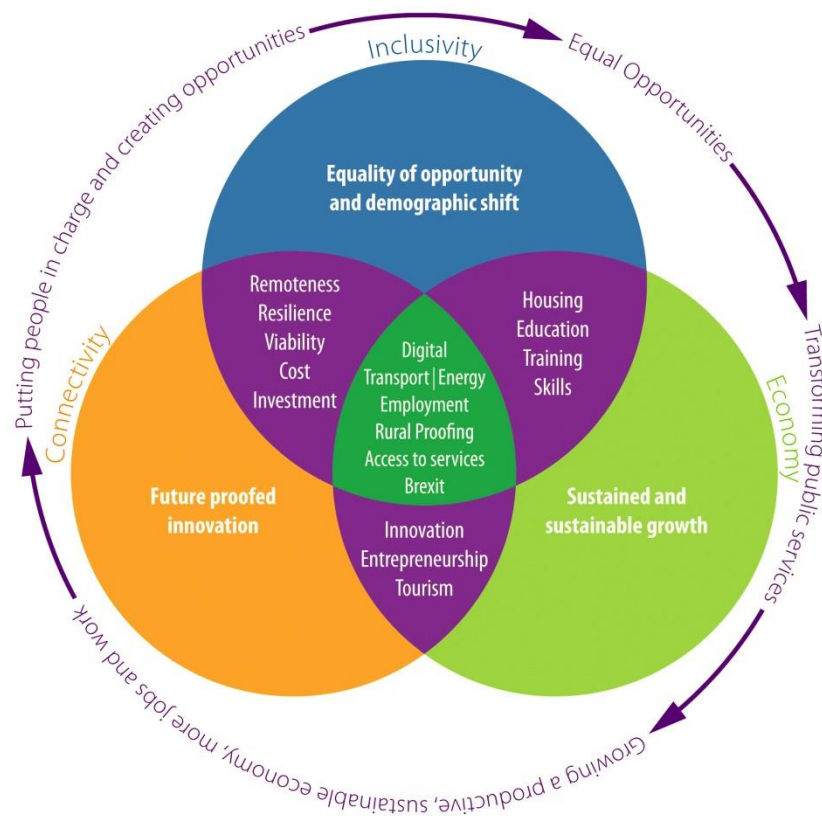
3. Inclusivity

3.1 The workshop identified "balancing the Highland and Islands' demographic profile" as an overarching goal and so this makes Inclusivity possibly the most important of the three strands. At present there are communities in every local authority area in the Highlands and Islands that are struggling to survive, let alone to thrive and widespread rural deprivation remains largely unrecognised because of its inherently dispersed nature. There needs to be a renewed focus on ensuring inclusive growth across the entire region if we are to develop the resilient, active and engaged communities we need to deliver the empowerment agenda.

3.2 Fundamentally, there needs to be a change the relationship between communities and all tiers of government in terms of each's expectations in creating sustainable communities.

3.3 Communities need to be robust and not be over-reliant on single individuals or families to provide a basis for community activity and activism. This requires a flow of people of all ages and capabilities throughout the Highlands and Islands to ensure demographic vibrancy and resilience. However, the cost of living and the cost of delivering services to these areas is very high and in some cases, prohibitive. Employment opportunities are limited. This is not something that can be addressed through market forces or by doing more of the same: it requires direct and focused intervention by all COHI partners.

3.4 We need to provide equality of access to opportunities and services and the following areas have been identified for further consideration:

- Rural-proofing of policies and initiatives

- Quantification of the real cost of rural service delivery

- Transport and digital connectivity

- Affordable housing

- Affordable fuel options

- Ready access to health and dental care

- Training, skills, employment and recruitment

3.5 Some of these issues are also being considered by the Strategic Islands Group and it will be important for the work of COHI not to duplicate the Islands Group' activities. Nevertheless, the Islands Group has a far tighter focus and membership than COHI and so its work should inform and compliment the COHI work plan but not supplant it.

4. Economy

4.1 The Highlands and Islands have a variety of natural resources and sectors where there are opportunities for further economic growth. These include: tourism; traditional and non-traditional energy production; food and drink; health sciences; and UHI. In addition, whilst there are some parts of the Highlands and Islands that are enjoying a degree of economic and population growth, this is not replicated everywhere and the benefits appear to have only a limited geographic reach. In order to deliver more sustained economic growth to all parts of the Highlands and Islands a number of key constraints/opportunities have been identified for further action:

- Digital connectivity

- Strategic transport connectivity (road, rail, sea and air)

- Recruitment barriers

- Skills development matched to growth sectors

- Encouraging innovation and entrepreneurship

- Crowded employability/skills/training landscape

- Over reliance on the public sector and small number of private sector employers

- Promoting and developing UHI Hubs as university towns

The first two points are dealt with below under the separate connectivity strand but are inextricably linked to economic viability and growth.

4.2 Whilst we need to continue play to our strengths in traditional areas like food and drink, tourism, the environment and energy, there is also a need to identify new and emerging opportunities for economic growth. The region needs to grow and train its own, but also to be able to attract talent and new businesses into the area.

4.3 We also need to be very aware of the impact that Brexit is likely to have post 2020 and be able to plan for this. The UK's departure from Europe will have far reaching consequences for the region and not just or even primarily because of the loss of European funding. COHI Partners are very aware of the reliance of key sectors on non-British nationals and how Brexit may result in a damaging skills shortage. The impact on UHI could also be significant – from the loss of the Erasmus Programme, to reductions in research grants to uncertainty around study visas. At present there are too many un-knowns to be able to prepare properly for a post-Brexit Highlands and Islands and the COHI workplan will need to be reviewed and revised as greater certainty begins to emerge post March 2017.

4.4 The Enterprise Review provides an opportunity to use COHI to consider how best to focus economic development for the Highlands and Islands. The Highlands and Islands require a different approach to other parts of Scotland. Our opportunities, challenges and threats are different to those of the heavily urbanised areas of the Central Belt. Working together in this area could enable COHI to deliver more than the sum of its parts – to bring together the rather crowded landscape of skills development, employability, training, education and economic development – into a single strategic plan for the Region. Such a plan would need to be flexible to accommodate local requirements in order to address inter-regional inequalities whilst still able to deliver a strategic vision for the Highlands and Islands in a post-Brexit UK.

5. Connectivity

5.1 Connectivity could be considered the glue that joins the former two strands together. Even communities that are reasonably close to others in geographic terms can become remote if there is a lack of physical and digital connectivity. If new families and businesses are to be encouraged to settle across the Highlands and Islands, there has to be a supporting infrastructure to make this viable. Without it there can also be no transformation in the way that public services – health; education; social care and welfare - are delivered. Inequalities within the region and between the Highlands and the Islands and the rest of Scotland will continue to grow.

5.2 Deployment of renewable energy offers the Outer Hebrides, Orkney and Shetland an opportunity for transformational growth. The lack of electricity grid infrastructure to the Scottish Islands is, however, a significant inhibitor to achieving that growth and the resultant economic and community benefits. Near term delivery of robust grid infrastructure to the islands is therefore essential to allow the economic potential to be captured and to allow the Highlands and Islands to make an even greater contribution to green energy and climate change targets.

5.3 The existing COHI focus on Digital Connectivity is welcome and it has to remain high on the agenda. The work of the Islands Strategic Transport Forum means that there is some existing strategic focus on transport connectivity, although COHI members may welcome reports back from the Forum in order to consider how this is to be integrated with other work streams and also how it impacts on COHI members and areas not represented on the Islands Transport Forum. There are a number of strategic routes that are not incorporated into the islands work stream such as the A9, A96, A82, A95; mainland rural road networks; Inverness and Wick airports – and it is important that these remain a key issue in the consideration of transport connectivity in the Highlands and Islands.

6. The Scottish Government's Plan for Scotland delivered in the Highlands and Islands

6.1 The three Strands of Inclusivity, Economy and Connectivity fit well with the Scottish Government's Plan for Scotland. By progressing these three strands together, COHI will also be progressing the following Scottish Government priorities: Putting people in charge and creating opportunities; equal opportunities; transforming public services; and growing a productive sustainable economy with more jobs and work. In this way, the COHI workplan will be a mechanism for translating the Scottish Government's Plan for Scotland into a Plan for the Highlands and Islands.

7. Next Steps

7.1 Subject to the agreement of the Convention, it is proposed that the COHI Senior Officers' Group should be reconvened by the Scottish Government to develop a more detailed workplan with a view to bringing a short update report to the Spring Convention and a substantive item for the Convention in Autumn 2017. The potential for greater clarity about the implications of Brexit from March 2017 combined with the local government elections in May 2017 may also require there to be a degree of review and re-adjustment in 12 months' time to ensure the priorities remain current.

8. Recommendations

8.1 Convention members are asked to agree the following:
- The 11 priorities identified in the pre-Convention workshop; the 3 over-arching themes of inclusivity; economy and connectivity; and the method for populating future COHI agendas;
- The Scottish Government reconvene the COHI Senior Officers' Group to draw up a detailed workplan and report back to COHI in Spring and Autumn 2017;
- The COHI Senior Officers' Group compile information on successful initiatives which could be enhanced by improved collaboration between COHI partners.

APPENDIX 1

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MANAGEMENT CONSULTANTS
INNOVATION • STRATEGY • CREATIVITY

Convention for the Highlands & Islands

Workshop, 26 August, 2016
Inverness

1.1 Introduction

This document summarises the output from a workshop with COHI representatives that was held at the UHI Lecture Room, An Lòchran, 10 Inverness Campus, Inverness, on the 26th August 2016. The workshop was designed to help the group plan for the main meeting at the end of October.

1.2 Attendees

The list of attendees is presented in Appendix 1

1.3 Aims for the day

The aims of the day were summarised in advance as being:

- to identify strategic issues common across the Highlands and Islands

- to inform future discussions on maximising opportunities for collaboration so as to help secure the recognition, funding and support required to address these issues.

1.4 Process

The agenda was split broadly according to a set of morning and afternoon topics. For the morning, the aim was to cover:

- Introductions and aims for day

- Local Authority Presentations - Key issues and challenges facing their area.

- Discussion: Agencies add detail of issues and challenges relevant for them

- Review and Group Challenges facilitated discussion around the groupings

- Discuss and agree headline strategic actions that will be required to address key issues and challenges identified above

- Review progress and agree/refine focus for remainder of day.

The morning process broadly followed the proposed agenda. The seven Local Authority representatives delivered short presentations on the issues facing their areas and this was followed by an open discussion from the other organisations represented – who confirmed many of the challenges and also offered new opportunities (in areas of Tourism, Health and Forestry).

The representative for the Cairngorm National Park Authority updated the group on the Park's current consultation exercise and on the notably different socio-economic profile for the Park area (an expanding younger population, growing economic activity).
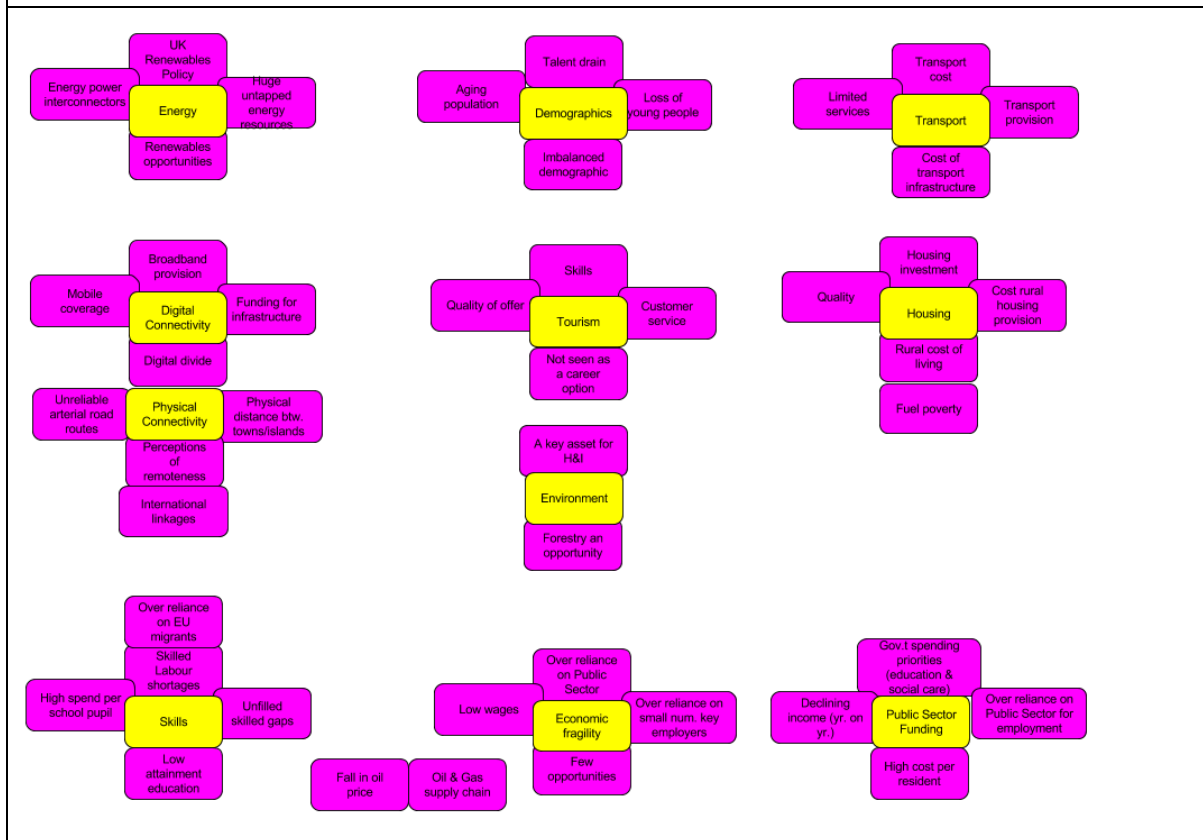The LA presentations and the input from the wider group allowed common issues to be identified and grouped. The detailed issues list for each LA area is presented in

Appendix 2 along with a summary of the topics put forward in the open group discussion.
The key groupings are presented graphically in Figure 1 below.

Figure 1: Summary of key challenges facing H&I Local Authorities

UK Renewables Policy

Energy power interconnectors — Energy — Huge untapped energy resources

Renewables opportunities

Talent drain

Aging population — Demographics — Loss of young people

Imbalanced demographic

Transport cost

Limited services — Transport — Transport provision

Cost of transport infrastructure

Broadband provision

Mobile coverage — Digital Connectivity — Funding for infrastructure

Digital divide

Unreliable arterial road routes — Physical Connectivity — Physical distance btw. towns/islands

Perceptions of remoteness

International linkages

Skills

Quality of offer — Tourism — Customer service

Not seen as a career option

A key asset for H&I

Environment

Forestry an opportunity

Housing investment

Quality — Housing — Cost rural housing provision

Rural cost of living

Fuel poverty

Over reliance on EU migrants

Skilled Labour shortages

High spend per school pupil — Skills — Unfilled skilled gaps

Low attainment education

Fall in oil price   Oil & Gas supply chain

Over reliance on Public Sector

Low wages — Economic fragility — Over reliance on small num. key employers

Few opportunities

Gov.t spending priorities (education & social care)

Declining income (yr. on yr.) — Public Sector Funding — Over reliance on Public Sector for employment

High cost per resident

1.5 Open conversation (full group)

Additional issues noted in the wider group discussion included

- UHI
  - Brexit impact on private sector investment – specific example funders withdrew from Ã33m investment in student residences due to commercial uncertainty.
  - Brexit impact on collaboration with EU universities.
- Forestry
  - Forestry opportunity
  - Climate change challenges, disease etc.

- Recognise (the environment) and its importance to the success of the Highlands and Islands

- H&I's exposure to EU migrants

- Skills shortages due to lack of people

- Health related issues

  - Challenges of adapting health service offers - people still want traditional provision in remote and hard to serve areas

  - Health provision in areas with significant short-term visitor numbers (Skye) hard to manage with significant population changes

  - Health professionals can lose key skills quickly

  - Health employment roles are comparatively good positions as well paid

  - Health - and demographics – recognise 'fit years' factor in that older people can continue to make an economic contribution for longer

- The economic contribution of Gaelic is significant and Gaelic numbers are being maintained

- Communities' capacity to take on service delivery relies on a small number of key people/families - little resilience if they leave

- Enabling fragile communities to acquire capacity to deliver support services remains a key issue

- Digital and Tourism are two key issues for Highlands and Islands and are effectively opportunities and threats.

- The importance of innovation to remain competitive and to overcome the effects of remoteness

- There is a very low business density throughout the Highlands & Islands.

It is worth noting that Figure 1 presents are the areas where there was common agreement across the group of the need for action. There were additional issues, specific to individual Local Authority areas that emerged:

- Shetland – the impact on fishing from geopolitical conflicts (Russia), cost of transport between islands, Oil & Gas impacts and growing socio-economic inequality

- Argyll & Bute – the need to act simultaneously as both a mainland and an island Authority

- **Moray** – MOD RAF Lossiemouth (opportunity) and the loss RAF Kinloss Barracks (threat) as well as the impact of the downturn in Oil & Gas

- **Comhairle nan Eilean Siar** – untapped energy resources (due to lack of interconnector) and key local opportunities on the back of Gaelic and Harris Tweed

- **Orkney** – Maintaining connectivity lifelines

- **North Ayrshire** – difficulties recruiting in key sectors

- **Highland** – impact of Brexit and how to respond in the short and medium terms.

The group wished to reflect on the morning's presentations/discussion before considering in detail the actions that might be pursued to address the issues that were identified. The group felt it would not be appropriate for them to identify actionable areas at this point as these would have to be first approved by their Council leaders/elected members.

The group suggested that the afternoon would be best spent defining a vision for the priority areas set out (in yellow) in Fig 1 above. In terms of process, the group focused on seven themes which were those that emerged as the strongest priorities for the greatest number of attendees. The key task for the group post-lunch was to consider a "good position for the Highlands & Islands in 2026" for each of these seven areas. The output of these considerations is summarised below.

1.6   Visioning – A good position for the H&I by 2026

1.6.1   Housing

- All residents have access to good quality housing – (second homes only allowed when local demand has been satisfied)

- Housing mix that supports and does not constrain business growth

  - A specific point was made with respect to tourism businesses who cited a lack of affordable housing limiting the supply of staff to their businesses

- Minimisation of fuel poverty through good quality build

- A region with equal access to housing, employment, education and services regardless of where you live

1.6.2   Environment

- Highlands and Islands recognised as the highest quality accessible environment in Europe

- People choose to live and work in the Highlands and Islands

- A good balance between development and appropriate protection of the environment

- Mitigating effects of climate change through projects that enhance absorption of carbon and protect watercourses so as to facilitate communities earning income from these activities

- Well planned development

1.6.3 Transport

- Well connected across-region

- Community transport schemes flourish with public sector fleet shared across agencies and with local communities

- Road, rail, air, ferry services are robust and meet the needs of businesses and people

- Arterial road routes are reliable and have appropriate capacity

- Road development and maintenance is delivered collaboratively across the region

- Carbon neutral travel proliferates

- Future proofed transport investment including a revised funding model based on a revised taxation regime

- A network of active travel hubs span the region

- Increased international transport access through direct links by rail, air and sea to the Highlands and Islands

- Reduced geographical constraints to travel for all Highlands and Islands residents

1.6.4 Tourism

- Most pristine natural environment in the EU supporting outdoor pursuits where local people have pride in a high-quality and value for money year round offer delivered by high skilled passionate people

- Customer service in tourism that matches our landscapes

- Appropriate investment in infrastructure

- Attraction of high spend visitors

- Digital maturity with excellent connectivity, capacity (mobile being key), conversion (transacting online) and capability (skills development)

1.6.5 Demographics

- Population stability and balance is achieved

- More young people choosing to stay in the Highlands and Islands

- An optimum balance of preschool, school, working aged and retired residents

- Achieved an increase in investment in connectivity, digital connectedness and electricity grid

- Regular low-cost transport and enhancement to housing

- Flow of economically active skilled people to and from the area who stimulate growth and opportunities locally

- The Highlands and Islands attract and retains highly skilled people

1.6.6 Connectivity

- Full 4G mobile and superfast broadband mobile (or appropriate mobile infrastructure)

- Highlands and Islands are ahead of the curve in technology

- Premium and reliable quality broadband

- Mobile communications that covers all relevant sea areas

- Connecting rural businesses and communities

- Skills and connections to help people stay safe

- Global linkages/Connections

- Highlands and Islands seen as a great place to live, learn, work and invest in and visit.

1.6.7 Skills

- Skilled and agile workforce with capabilities aligned to local and regional economy.

- All relevant parties shape educational system

- Active, growing university with international specialisms attracting students from throughout the UK and offering education from post school to postgraduate

- Highlands and Islands renowned for alignment of early years to university education. Joined up funding aligned and simplified. Producing young people who meet today's and future skills needs.

Within the context of Skills, Skills Development Scotland (SDS) noted the H&I Skills Investment Plan that identifies skills needs and sets out how skills needs across the area will be addressed.

Following the visioning exercise, there was an open forum discussion that considered how these areas of vision might be addressed (although given time constraints, it was not possible to identify defined actions to address these issues). The key points emerging were:

- Balancing the H&I's demographic profile is an overarching goal – if that is achieved, many of the other issues are implicitly addressed

- Strengthening links between employers and young people, for example through apprenticeships, should be a key goal. Unfilled employment opportunities is a signal that there is a lack of people with the correct skills and not a lack of opportunities

- There is also an opportunity to encourage older residents to become economically active, especially where they have relevant career insights that could be of value

- There is a two-speed H&I as measured by a range of factors (electricity grid connection, access to digital infrastructure, skills and employment) – addressing these growing inequalities should be a priority

- There is 'island-proofing' in current policies but not 'rural-proofing' – there are many rural areas that need similar protection. Indeed, there is a need for a wider consideration of protecting all H&I interests when the decision is a Central-Belt - Highland one (for example, the creation of a shared services facility for local authorities)

- How will we COHI-proof Scottish Government targets

- There was a clear recognition that while the COHI members were making good progress, incremental change was not enough – there is a need to do things differently. What should be done differently and how should these activities be identified?

- There is a clear drive for COHI members to collaborate – it was noted that there is a need for them to identify the added-value of the group working together. Be clear of the 'collaborative benefit'.

- There were particular points made about employment and the attraction of non-UK citizens to the H&I. There is a need to clarify asap the immigration of EU citizens post-Brexit. Similarly, with regard to post school students, there is a need to relax the current UK visa and immigration rules.

- Finally, it was suggested that COHI's role and purpose should not be forgotten and that the group's strengths and the value of its linkages should be maximised.

1.7 Next Steps

Within the group, there was clear agreement on the common priorities, a shared vision for a future H&I and a strong commitment to work together at pace to develop an action plan that would identify key actions, roles and responsibilities for delivering this vision.

The group recognised that collaboration would be essential – the workshop identified "what" needed to be done – the next step is to agree "how" while maintaining the sense of urgency and momentum which Deputy First Minister is seeking. There was a strong desire to work collaboratively to progress matters.

Appendix 1 Attendees

Argyll and Bute Council	Pippa Milne
Bord na Gaidhlig	Daibhidh Boag
Cairngorms National Park Authority	Grant Moir
Comhairle nan Eilean Siar	Calum Iain MacIver
Crofting Commission	Catriona MacLean
The Highland Council	Kate Lackie
Forestry Commission Scotland	John Risby
Highlands and Islands Enterprise	Carroll Buxton
NHS Highland	Elaine Mead
NHS Orkney	Cathie Cowan
NHS Shetland and NHS Orkney	Ian Kinniburgh
North Ayrshire Council	Greig Robson
Orkney Islands Council	Gavin Barr
Scottish Funding Council	Sharon Drysdale
Scottish Natural Heritage	Ian Ross
Shetland Islands Council	Neil Grant
Skills Development Scotland	Gordon McGuinness
The Moray Council	Rhona Gunn
UHI	Fiona Larg
VisitScotland	Scott Armstrong
SG	Karl Reilly

Appendix 2 Key Challenges by Local Authority Area	
Highland	**Argyll & Bute**
Sustaining rural communities and promoting inclusive growth Insufficient investment in transport and communications infrastructure constraining employment and population growth Population drift and talent drain to cities and away from Highland Employment: reliance on public sector and a small number of major employers Connectivity Brexit: How do we contribute to EU on our terms Brexit how do we map post 2020 Brexit clarify "Agreed" programs pre 2020 Population loss Ageing population	Declining population Aging demographics Geography – the large number of inhabited islands and 3 peninsulas means that we have the characteristics of an island authority although we aren't classed as one. That geography means the cost of providing services can be high There is a heavy reliance on public sector employment Provision of rural housing – cost of building and providing infrastructure is high Mobile and broadband coverage and inequalities through lack of coverage Transport infrastructure e.g. roads, ferries, air-links Access to FE and HE for young people in the area and aligning this with employment opportunities Extent to which rurality is recognised in public sector funding
Orkney	**Shetland**
Distance between key places/locations Perceptions of remoteness Future demand for personal care Cost of living Over reliance on public sector Fuel poverty Cost transport/connectivity to islands Maintaining Connectivity lifelines Digital communications Renewable energy generation opportunity High-value food and drink products opportunity Maximise opportunities from volume tourism e.g. exploit Cruise visitors	Fish stocks Global conflict/sanctions Transport cost Transport provision Oil price decline Impact on oil and gas supply chain Oil and gas downturn Housing shortages Brexit impact on fishing UK government policy on renewable energy provision Public sector funding declined Poor getting poorer (inequality) Skilled labour shortages Digital inequality Mobile communications/ Broadband

Comhairle nan Eilean Siar	Moray
Connectedness Impose environmental challenges Housing investment Cost of rural housing provision Can national/regional policy approach be refined and tailored to islands and rural areas? Huge energy resources but not being tapped Energy power connections (interconnector) Community landownership Gaelic economy opportunity Creative industry opportunity Harris Tweed opportunity Loss of young people Older population Fragile economy Dire projections for population loss	<u>Challenges</u> High infrastructure costs MOD Lossiemouth opportunity versus challenge at Kinloss Over reliance on public sector especially MOD Ageing demographic Budgetary constraints The Low-wage economy Skills gaps Shortage of serviced employment land in key employment areas Oil and gas downturn <u>Opportunities</u> Expansion of housing in Elgin and Lossiemouth Renewables opportunities Tourism opportunity Infrastructure improvements – dualling A96, rail links, air links City Type Deal developing Big business support
North Ayrshire Council	
Affordable Housing provision low Digital connectivity Ageing population Imbalanced demographics Recruitment issues in key sectors Losing young people	