

**THE HIGHLAND COUNCIL**  
**PLANNING, ENVIRONMENT & DEVELOPMENT COMMITTEE**

**12 AUGUST 2009**

Agenda Item	
Report No	

**HIGHLAND ECONOMIC FORUM**

**Report by Director of Planning and Development**

**SUMMARY:**

This report informs Members of the outcomes of the second meeting of the Highland Economic Forum held in Inverness on 26 May 2009. The Highland Economic Forum seeks to assist the Council and Highlands and Islands Enterprise to deliver their shared Single Outcome Agreement commitment to create "A competitive, sustainable and adaptable Highland economy".

**1. Introduction**

- 1.1 The Highland Economic Forum held its second meeting on 26 May 2009, and the Action Note from that meeting is attached as Appendix 1 to this report.
- 1.2 The Highland Economic Forum was established by the Council and Highlands and Islands Enterprise, as a means for both organisations to engage with the Highland business community following a number of changes that have been introduced to the way in which business advice and information is delivered. A wide range of business organisations such as the Federation of Small Businesses, CBI Scotland and Chambers of Commerce from around the Highlands were in attendance alongside representatives from a number of relevant public bodies such as VisitScotland and Scottish Natural Heritage.
- 1.3 The meeting was addressed by Professor Donald Macrae of Lloyds TSB who spoke on the subject of access to credit during the recession, the general economic situation and how the Banks are working with the business community to ensure business sustainability.
- 1.4 At the inaugural meeting of the Forum it was agreed that an Action Plan based on the Single Outcome Agreement be drawn up and presented to the next meeting of the Forum. Steve Westbrook, an Economic Consultant, was engaged to undertake this work and he presented a draft action plan (full copy in Member's bulletin) to the Forum for comment. A summary of the action plan is attached to this report as Appendix 2.
- 1.5 Updates were also received on the progress of a number of other ongoing initiatives, specifically the Highland Single Outcome Agreement and the establishment of the Business Gateway in the Highlands.

## **2. Conclusions**

- 2.1 Following general discussion on a wide range of issues an number of action points were agreed:
1. Responses to the draft action plan were requested, with a deadline for these to be received set for end July 2009. A total of 6 responses have to date been received and these, and any others received, will form the basis of a report to the next Forum meeting.
  2. The Forum will be requested to participate in the development of the next Single Outcome Agreement, with it becoming a standing item on the agenda of the Forum.
  3. With the development of the Business Gateway in the Highlands, it was agreed that members of the Forum should work closely with the Business Gateway to ensure that it continued to address the needs of the Highland business community.
- 2.2 Both Economic Forums to date have secured good attendance and input from the various organisations involved. The final action plan produced and the means by which it will be delivered will be presented to the next meeting of the Forum, planned to take place on 6<sup>th</sup> October 2009.

## **3. RECOMMENDATION**

- 3.1 Members are asked to note progress with the development of the Highland Economic Forum.

Signature:

Designation: Director of Planning and Development

Date: 28 July 2009

Author: Kenneth Macinnes

## **Appendix 1:**

### **HIGHLAND ECONOMIC FORUM**

**Action Note of Meeting held at 2.00 p.m. Tuesday 26 May 2009**

**Venue – Waterside Hotel, 19 Ness Bank, Inverness**

#### **Present:**

Cllr William J (Ian) Ross – Chairman  
Stuart Black, Highland Council  
Stephen Boyd, STUC  
Rona Campbell, CBI Scotland  
Scott Armstrong, VisitScotland  
Charlotte Wright, Highlands & Islands Enterprise  
Derek Bedford, UHI  
Ian Couper, North of Scotland Industries Group  
David Stewart, Highland Employers Coalition  
Stewart Nicol, Inverness Chamber of Commerce  
Cllr Helen Carmichael, Highland Opportunity Limited  
Trudy Morris, Caithness Chamber of Commerce  
David Owen, Highland Opportunity Limited  
Gareth Williams, SCDI  
Andrew Harper, Cairngorms National Park Authority  
Fay Thomson, Federation of Small Businesses  
Ranald Robertson, HITRANS  
Mo Shepherd, Inverness College  
John Spencer, Inverness College  
Rosemary Thomson, North Highland College  
Andrew Harper, Cairngorms National Park Authority  
Brian Weaver, HISEZ  
Geoff Robson, Highland Council  
Andy McCann, Highland Council  
Kenny Macinnes, Highland Council  
Elaine Ball, Highland Council

#### **Apologies:**

Joe Moore, SCDI  
Susan Davies, Scottish Natural Heritage  
Liz Galashan, Skills Development Scotland  
Neil Robertson, North Highland Regeneration Fund  
Jean Ramsay Smith, Inverness Chamber of Commerce  
Jamie Macdonald, Job Centre Plus  
Robert Hawkes, Fort William Chamber of Commerce  
Grenville Johnston, Highlands & Islands Airports Ltd  
Inglis Lyon, Highlands & Islands Airports Ltd  
Cllr Dr Michael Foxley, Lochaber College  
Douglas McDiarmid, Lochaber College  
Sally Dowden, Cairngorms Chamber of Commerce

## 1. **Assisting Highland Businesses Deal with the Recession**

Cllr Ian Ross welcomed Professor Donald MacRae of Lloyds TSB to the meeting. Professor MacRae made a presentation on the current economic situation to the Forum - "Scotland – Roaring through the Recession?"

There followed a question and answer session on the presentation and Professor MacRae advised that Forum members could contact him through Stuart Black's office if they had any further questions.

A copy of the presentation is circulated to Forum members with this Action Note from the meeting.

Cllr Ross thanked Professor MacRae for his valuable contribution to the Forum meeting.

## 2. **Action Note of Last Meeting**

This was agreed.

## 3. **Matters Arising**

Highland Statistical Information – Stuart Black advised that he had written to Dr Andrew Goudie the Director General Economy and Chief Economic Adviser at the Scottish Government regarding the availability and reliability of regional statistics. Dr Goudie had responded offering his senior statistician, Sandy Stewart, to speak to the Forum. It was agreed that Mr Stewart should be contacted and invited to attend the next meeting of the Forum.

Opportunities for Joint Representations – It was agreed that this was an ongoing issue and Forum members should highlight opportunities at future meetings of the group.

## 4. **Draft Action Plan**

A paper setting out a list of bullet points from the Action Plan was circulated to the meeting (recirculated with this action note). Steve Westbrook, the report's author, spoke to these points. Following wide ranging discussion Ian Ross advised that the intention was for Forum members to have the opportunity to feed back their priority ratings for the various initiatives. These should be forwarded to Kenny Macinnes by 15 June.

Ian Ross stressed that it was important that any work on the points highlighted should not overlap work already being carried out by organisations.

Ian Ross thanked Steve Westbrook for his input to the meeting.

## 5. **Single Outcome Agreement**

Stuart Black advised that the first draft of the Single Outcome Agreement had been submitted on 15 May and was available on Highland Council's website (<http://www.highland.gov.uk/NR/rdonlyres/E54BFEF5-777C-40D8-8597-80C42F5C8517/0/SingleOutcomeAgreement2.pdf>)

Stuart advised that as the timescale had been tight for the Forum to have input into this document. It was hoped that the group would be able to contribute to next year's SOA and this will be a standing item at future Forum meetings. The priority given to tackling the recession, however, reflected the Forum's concerns at its initial meeting.

## 6. **Business Gateway**

Andy McCann and David Owen gave updates on the current position regarding Business Gateway. It was reported that in the first six weeks 300 referrals had been received looking for business information and guidance. This was a shared service with Moray Council and there are two walk-in shops – one in Inverness and one in Elgin. Training workshops were now being delivered and the amount of interest for the basic business start-up course is very high.

John Spencer said it was important for a good connection and development between the Colleges and Business Gateway and it was agreed that David Owen would take this forward.

Charlotte Wright advised that the relationship between HIE and Business Gateway is very good and ensures a good flow between the two organisations and HIE were offering continuing support to businesses.

## 7. **Any Other Business**

- Ian Ross stressed that it was important for organisations to contribute to the Action Plan and advise Kenny Macinnes of priorities and how they could assist in progressing this work. The deadline for this information is 15 June.
- Ian Ross advised that the next meeting would be held in October, avoiding the school holidays, and Stuart Black's office would be in contact with Forum members with a date in due course.

## Appendix 2:

### HIGHLAND ECONOMIC FORUM DRAFT ECONOMIC DEVELOPMENT STRATEGY / ACTION PLAN 2009-11

#### 1. Growth Focus of the Plan

- Build on previous population and employment growth
- Contribute towards population and employment growth in Scotland
- Large number of opportunities relative to the population of the area
- Stagnation or decline if growth not pursued
- Growth areas should lift relatively remote and rural areas

#### 2. Aspects of Growth

- Total population
- Younger age groups
- GDP / GVA
- GDP per head of the working population
- Employment
- Average earnings per fte

#### 3. Central Aspects of the Vision

- Private sector investment in internationally competitive capacity
- Development of the area's knowledge economy
- Expanded and more sophisticated ICT links with the rest of the world
- Improved external and internal transport links
- Development of the area's renewable energy resources – providing funds for business investment and community facilities

#### 4. Action Plan

##### ***Population Growth***

1. Facilitate private sector house building in targeted areas – growth areas and fragile areas. *(I)*
2. Market the Highlands as a place in which to live, work and locate a business through national media campaigns. *(WG)*

##### ***Local Physical Infrastructure Development***

1. A new town centre improvement scheme – building on the Small Towns Initiative. This would complement the region's outstanding natural environment. *(WG)*

2. Establishment of premises in small towns / rural areas that could be shared by itinerant agency and organisation staff. Offices for flexible use by small businesses might also be provided in such complexes. *(I)*

### ***New Business Development***

1. Promote development of geographical clusters within sectors and sub-sectors. An example would be a creative industries cluster in Nairn, utilising existing venues, converting vacant premises and providing a focus for proposed new business units. *(WG)*
2. An entrepreneur development programme – geared to young people, College and University leavers, people with some relevant work experience, experienced managers, women and potential relocatees to the Highlands. *(WG)*
3. Assist small businesses to form supply chain partnerships with businesses based outwith the area, including areas with direct air links. The internet enables collaborations to be developed once contacts have been made. *(Inf)*
4. Capitalise on national incentives available to improve housing insulation, reduce carbon footprints, develop sustainable materials, etc. *(I)*

### ***Market Development***

1. Establish marketing and partnership mechanisms in food and drink for smaller producers, including those based in rural and remote areas. *(WG)*
2. Further initiatives to encourage tendering by small businesses for public sector contracts, including facilitating the formation of business partnerships that could also bid for contracts outwith the region. *(I)*

### ***Export Growth***

1. Assist food and drink producers and businesses in other sectors / sub-sectors to access new niche markets overseas. A constraint for many small businesses is management time. *(WG)*

### ***Inward Investment***

1. Identify economically sound propositions for potential inward investment – working up costed business opportunities. Sectors might include tourism (e.g. new hotels), renewable energy R & D, business outsourcing, an animation studio, data centres, etc. *(WG)*

### ***Renewable Energy***

1. Encourage existing Highland businesses to diversify into the sector (possibly through partnerships), particularly to capitalise on future marine and tidal opportunities in the Pentland Firth. Subsea oil and gas companies based outwith the Highlands might also be encouraged to invest in new engineering facilities within the region. *(WG)*
2. Encourage community ownership of renewable energy projects, including local collaborations, e.g. co-operatives of local farmers or crofting townships / landowners. *(I)*

### **Tourism**

1. Promote packaging of travel, accommodation and activities for new visitors from England and overseas – building on the work of Destination Management Organisations. Potentially, there is a major opportunity with economies of scale. (WG)
2. Promote value-added activity provision that will increase average earnings rates in the sector in rural and remote areas. (I)
3. Establish a “real-time” information system within the region through an operators survey on current occupancy / visitor numbers and advance bookings trends compared with the previous year (e.g. monthly, with up-to-date feedback to operators and for marketing campaigns). (I)
4. Encourage more networking between high quality providers in different parts of the region. (WG)

### **Training and Workforce Development**

1. Establish an IT skills improvement programme – for all levels of business staff. e-skills uk surveys have identified relatively low levels of IT skills amongst managers, and a lack of awareness of potentially beneficial IT applications by their businesses. Training IT advisers in providing appropriate hands-on training for company staff would need to be an aspect of the programme. (WG)
2. Introduce new programmes by sector / occupation that combine training and work experience, including placements with small businesses. College and school courses would have more extensive and intensive work experience components than generally currently, with benefits to participating employers. (WG)

### **UHI and College-Related Development**

1. Foster the establishment of new research institutes that will provide progression for graduates and, in time, lead to new related business starts. Recent examples include the Highland Diabetes Institute. (WG)
2. Identify future occupational growth areas in Highland to guide the provision of FE and HE courses, with feedback to schools and pupils when decisions are being made on courses and careers. (Inf)

### **The Social Economy**

*[particular scope through the new LEADER Programme]*

1. Foster the formation of Development Trusts in local areas with participation by local business owners and management, public sector staff, and external mentors where required – with a view to developing community financial sustainability. (I)
2. A skills development programme for volunteers involved in community enterprise, which would incorporate courses already available. Funding for travel, subsistence and course costs would be required. (WG)
3. Assistance with marketing the services of community enterprises outwith their local areas to enhance earned income. (I)
4. Identify communities where social enterprise is lacking with a view to fostering participation by different sections of the community (including young people). (Inf)

### ***Intelligence***

1. Monitor community impacts in relatively fragile areas where banks (or other key facilities) close or reduce their levels of service. *(Inf)*

### ***European Funding***

1. With uncertainty about the region's continuing access to EU structural funds after 2013, ensure that current programmes supported by EU funding help to lay the foundations for medium to long term business and community development in Highland, and that training is focused on future needs. This would involve feeding into interim reviews by the Highlands and Islands Partnership Programme and other programme managers. *(WG)*
2. Push for simplification of the SRDP (currently being reviewed by the Scottish Government) and better promotion to the wider business community. *(L)*

### **Note:**

(I) = New Initiative

(WG) = Working Group

(Inf) = Information

(L) = Lobbying