

Agenda Item	<b>5</b>
Report No	<b>ECI/2/21</b>

## HIGHLAND COUNCIL

**Committee:** Economy and Infrastructure

**Date:** 4 February 2021

**Report Title:** Economic Recovery Strategy Update

**Report By:** Executive Chief Officer Infrastructure and Environment

### 1. Purpose/Executive Summary

- 1.1 This report provides a brief overview of the work being undertaken to support the area's economic recovery from the impacts of the pandemic. Members are asked to note progress and provide feedback on the different workstreams being progressed.

### 2. Recommendation

- 2.1 Members are asked to note the progress being made on the Council's Economic Recovery Strategy

### 3. Implications

- 3.1 **Resource:** There will be resource implications to the delivery of economic recovery, and these will be regularly reported to the Committee and to the Council's Recovery Board. Coordination and prioritisation of resources with partners is likely to put us in stronger position to lobby for national funds.
- 3.2 **Legal:** none
- 3.3 **Community (Equality, Poverty and Rural):** Economic Recovery must be built around ensuring full community engagement and partnership working.
- 3.4 **Climate Change / Carbon Clever:** The Scottish Government has committed to ending Scotland's contribution to climate change by 2045 at the latest, and the public sector is legally required to support this ambition. To support this aim, the Scottish Government has established a Just Transition commission to advise Scottish Ministers on how to apply the Just Transition principles to Scotland. Whilst this work was commissioned and much of it undertaken prior to the outbreak of COVID-19, the principles could directly support economic recovery post-COVID-19, and ensure that Highland takes a lead in moving towards a net zero economic model.

- 3.5 **Risk:** there are no direct risks arising from this paper
- 3.6 **Gaelic:** Gaelic will be an important strand of the tourism and culture workstreams that will be taken forward as part of our economic recovery strategy.

#### **4. Background**

- 4.1 As Members will recall, a report was considered at the meeting of the Economy and Infrastructure Committee in June 2020 which set out the high level approach to preparing an Economic recovery Strategy for the region. Local engagement has taken place at area level and regular updates have been provided to the Council's Recovery Board. Clearly the impacts of the pandemic continue to prove challenging as evidenced by the ongoing lockdown. Whilst the most important priorities at present relate to supporting businesses through the processing of the various grants the Council is responsible for and dealing with the immediate labour market challenges (as can be evidenced from the item being considered elsewhere on this agenda), much work is being done on preparing a comprehensive economic recovery strategy.
- 4.2 As Members will be aware from discussions at the Council's Recovery Board, the intention was to bring a draft Economic Recovery Strategy in early 2021. Given the current context set out above, it has not been possible to bring the draft to this Committee, but the purpose of this report is to demonstrate to Members the breadth of work being carried out to prepare the Strategy and support ongoing economic development initiatives, through engagement with partners, communities and Members, and complete the work as soon as practicable.

#### **5. Ongoing Work to support the Economic Recovery Strategy**

- 5.1 The Recovery Board considered a report related to economic recovery on 7 October 2020 and it can be accessed [here](#). The report set out the range of activity being undertaken as well as the priorities for the period between October and the end of the year. These priorities (in bold) are set out below as well as a short update on progress.
- 5.2 **Development of partnership working to ensure a co-ordinated economic development response to the continued difficulties being experienced, including follow up engagement through the Economic Recovery Partnership.**
  - 5.2.1 The Economic Recovery Partnership met in November 2020, covering a range of topics including a joined-up approach to the labour market challenges and the need to ensure collaboration on capital investment between partners. The Partnership will continue to play a role in identifying initiatives that will contribute to economic recovery, and discussions are underway with HIE to ensure that the operation of the Partnership is focussed on key priorities and provides a clear route for business groups to contribute fully to the agenda.
  - 5.2.2 Regular meetings (every fortnight) are still being held with business groups, in partnership with Highlands and Islands Enterprise including Chambers of Commerce, Business Improvement Districts and SCDI. Whilst the focus of these discussions has by necessity focussed on the pressures being experienced by businesses, they provide a very important opportunity to get feedback on emerging initiatives such as the discretionary business support grants that the Council has responsibility to manage and employment initiatives e.g kickstart.

- 5.2.3 Liaison with other councils through groups such as the Convention of the Highlands and Islands have been an important way of ensuring region-wide opportunities are captured and actioned. The last meeting of the Convention on 26<sup>th</sup> October 2020 discussed a number of important papers that will provide input to the Economic Recovery Strategy, including the measures that need to be put in place to build a green economy, dealing with rural depopulation challenges and the role of the Gaelic language as an economic asset.
- 5.2.4 Discussions through other partnership activity are also informing the Council's strategy, including working with partners through the Scottish Cities Alliance and HITRANS. The Council is also engaging extensively with the Scottish Futures Trust/Hub North to ensure that work with other councils, NHS Highland and other agencies is aligned particularly in respect of opportunities for joint projects around property rationalisation and development and low carbon. A strong focus of this work relates to place planning and provides an important part of the Council's overall spatial development strategy. The role of the third sector is going to be hugely important to recovery and that will be a strong element of the strategy.
- 5.2.5 The Council is continuing to work closely with the Caithness and North Sutherland Regeneration Partnership to deal with current issues, including the reinstatement of services to Wick Airport, as well as identifying longer term regeneration opportunities. Similarly, as agreed at Council, engagement continues with Opportunity Cromarty Firth.
- 5.2.6 The changing context following Brexit has provided further challenges to economic recovery work. As Members are aware, the Council is actively supporting businesses in terms of business advice on a range of different fronts, and the Environmental Health team are particularly active (see link [here](#)). The opportunities for the region from the Shared Prosperity Fund will be an important part of work set out in the Economic Recovery Strategy, and the Council will continue to lobby for a fair share of the funding that will become available following Brexit.
- 5.3 **Continued development of work on sectoral priorities, including particular emphasis on digital infrastructure and energy and renewables**
- 5.3.1 Tourism will continue to be a critical sector in the Highlands, and the challenges that have been put in place through the pandemic are informing work being undertaken through the Council's Tourism Committee. Work being undertaken includes an updated Visitor Management Strategy to assist with ongoing pressures and the return of tourists once restrictions are lifted, and the Tourist Infrastructure Strategy is being prepared to inform future bids to the Rural Tourism Infrastructure Fund as well as the Council's own capital programme in the medium and long term.
- 5.3.2 The importance of digital infrastructure has never been more acute, and the Digital programme Board continues to ensure that existing programmes such as the Rural Gigabit Connectivity digital project and the Local Full Fibre Network project remain on track. The r100 programme has now reached the implementation stage and close working with HIE and Scottish Government will ensure that the roll-out of this programme is expedited wherever possible and has a strong place in the area's recovery strategy.
- 5.3.3 The emphasis on green recovery as highlighted above is one of the other fundamental planks in the Economic Recovery Strategy and the Climate Change Working Group has been considering a range of different projects that will contribute, including work on developing the hydrogen economy for the Highlands. As reported to a previous Committee, work is being completed on how the Council can ensure programme and

project alignment with the opportunities that will become available through government funding. This will be reported to the next Climate Change Working Group at the end of January. This work includes building on projects already underway in respect of active travel, electric vehicle infrastructure, future waste facilities and the investment in solar, hydro and LED lighting being supported through the SALIX programme. The strategic development of opportunities associated with renewable energy, ensuring as far as possible that benefits remain within the area, is also a critical part of the strategy.

- 5.3.4 The work of the Highland Housing Hub continues to identify opportunities for continued investment in affordable housing throughout the Highlands. The support of the construction sector will be an essential part of the Council's contribution to economic recovery, and the link with partner activity is an essential part of this. The Council is working closely with representatives of the construction industry to identify and respond to the issues and risks to the construction industry from both COVID and Brexit.
- 5.3.5 The impact on the retail sector and high streets generally is a clear focus area for the Councils, and as agreed at Council in January, a strategy for high streets will be an integral part of economic recovery work. The projects currently being agreed by area committees on the investment of the Town Centre Funding is integral to this.
- 5.3.6 The Council is also working closely with its own commercial tenants, advising them of Covid grants available and agreeing deferred rental repayment plans
- 5.3.7 Improving the health and wellbeing of Highland residents is very much linked to economic recovery work. Close working is underway with partners including High Life Highland and Sportscotland to ensure that future funding opportunities can be realised. This is being supported by work on detailed options appraisals for the future use of Bught Park and Northern Meeting Park in Inverness but is underpinned by a Highland wide assessment of opportunities. There is also a close link here with the work being undertaken on events and festivals and the need to support the aspirations, short and long term, of cultural organisations throughout Highland, including Eden Court in Inverness.
- 5.4 **Development of a place-based development strategy to reflect the needs and aspirations in different areas**
- 5.4.1 Ensuring that Highland has its rightful place in the National Planning Framework and National Transport Strategy is a major focus of strategy development. Updates on both are given in the bulletin items for today's Committee. Work is also continuing on the Inner Moray Firth Local Development Plan setting out the detailed land use strategy for that area, and reports have recently been considered by the area committees for this area.
- 5.4.2 Providing a focussed place-based investment strategy is important for all parts of the Highland Council area. The Fort William 2040 project has demonstrated the benefits of drawing together investment strategies and work continues to align priorities. Work has begun on place planning exercises in other areas including Skye and Raasay and Caithness, and discussions are underway in others, including working with Cairngorm National Park Authority in Badenoch & Strathspey. The work of the Inverness and Area Recovery group is contributing to the development of an investment strategy for Inverness. It is hoped that similar exercises will be undertaken for all of the Council areas as part of the preparation and implementation of the Economic Recovery Strategy, building on Community Planning activities.

5.5 **Preparation of business cases for specific capital programme schemes that will aid recovery (e.g. related to the tourism sector) or other economic development priorities that require Council involvement (e.g. Wick Airport Public Service Obligation).**

5.5.1 The Council's capital programme will be a critical piece of the jigsaw for economic recovery. The reprofiling of the current programme that was agreed by Council will ensure that investment will continue, but future opportunities linked in to the capital strategy complementing the initiatives and partnership working set out above will ensure the long term benefits for the region.

5.5.2 As Members are aware, the area has been successful in attracting funding from a range of sources including the Rural Tourism infrastructure Fund, Regeneration Grants, Crown Estate Revenue, Town Centre Funding, Rapid Bus Infrastructure Deployment Fund and Spaces for People and teams are fully engaged with Members in ensuring that this investment is distributed throughout the area, in line with the overall goal of supporting economic and community recovery.

5.5.3 As reported elsewhere on the agenda, the Highland City Region Deal will be pivotal in delivering significant investment through the various projects and work continues to ensure that the currently identified projects deliver within the Deal period. Discussions will continue on the potential for additional benefits to be delivered through discussions with the Scottish and UK Governments.

5.6 **Preparation of a Council Economic Recovery Strategy setting out the key area and strategic priorities to be used to influence future funding opportunities**

The initial timescale for the preparation of the strategy in early 2021 remains in place, but as set out above, the Service is working hard to ensure business grant timescales are met and that the Council's employability team is functioning as effectively as possible to deal with the labour market challenges. Members should be confident that all of the work being undertaken, as detailed in this report will contribute to an effective Economic Recovery Strategy will be reported as early as possible, taking into account the changing impact of the pandemic.

**6. Looking Forward**

6.1 Economic recovery is of course a critical work stream for the Council over the coming months. The work set out in this report will go some of the way to achieving that, with regular updates provided to the Committee as appropriate. Members are asked to note the progress set out in this report.

Designation: Executive Chief Officer Infrastructure and Environment

Date: 17 January 2020

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