



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilear

Highlands and Islands Visit of Icelandic Delegation

Our Region: STRATEGY and PRIORITIES

29 August 2023

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Highlands and Islands Region

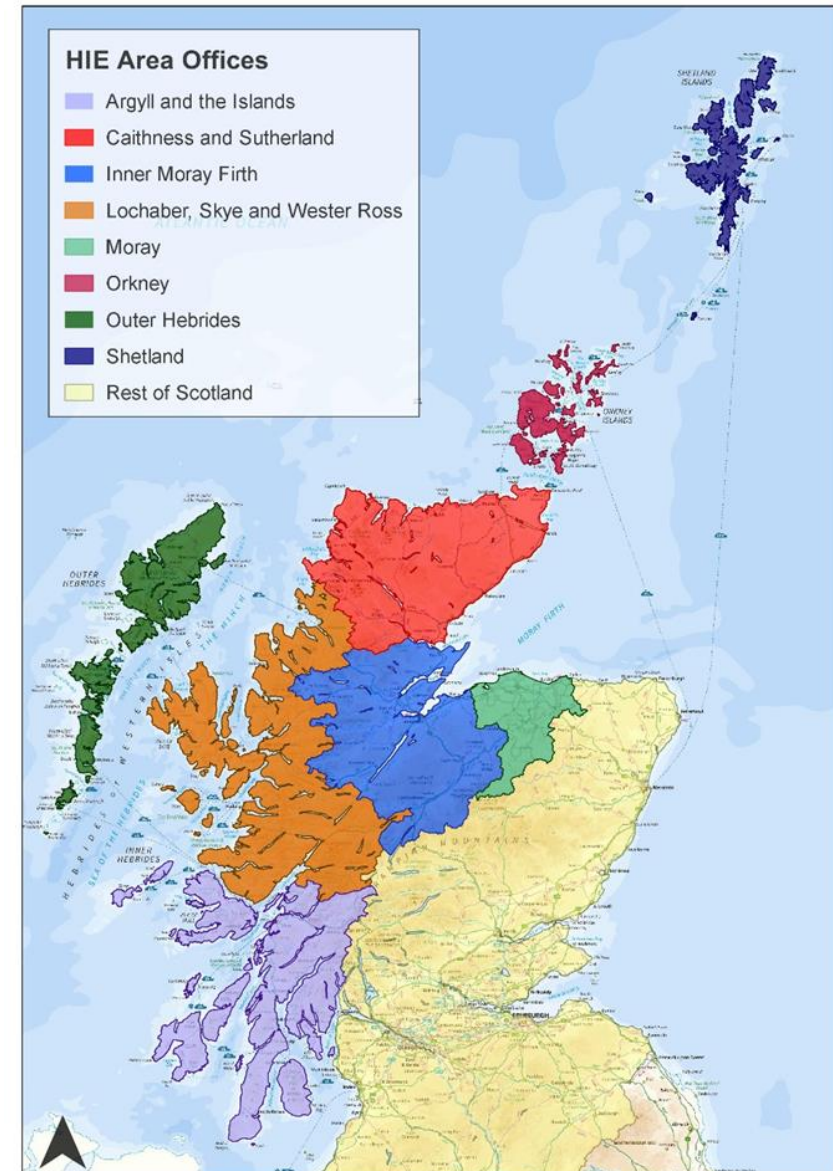
Diverse region with distinct local economies

Half of Scotland's landmass
8% of Scotland's population

422 miles north to south
170 miles east to west

Of the population:

- 59% live in remote areas
- 27% live in a large settlement
- 22% live on an island
- 12% live in a fragile area



THE HIGHLANDS AND ISLANDS

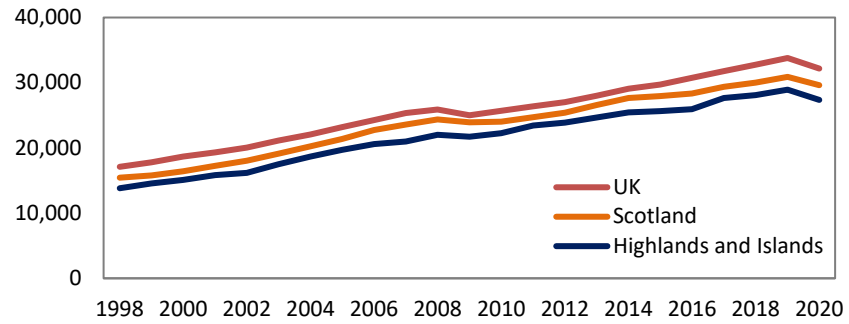
CHALLENGES FACING THE REGION



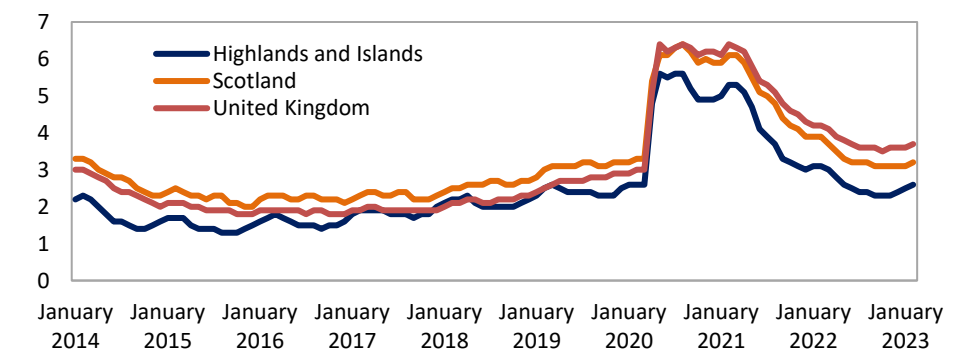
- REMOTENESS AND PERIPHERALITY
- INHOSPITABLE TERRAIN AND CLIMATE
- TRANSPORT AND DIGITAL ACCESS
- SPARSITY OF POPULATION
- DEMOGRAPHIC CHALLENGES
- FRAGILE RURAL ECONOMIES
- LOW INCOMES
- COST OF LIVING
- ACCESS TO SERVICES E.G. CHILDCARE
- BUSINESS BASE
- UNDEREMPLOYMENT
- HOUSING AND FUEL POVERTY

Economic Trends

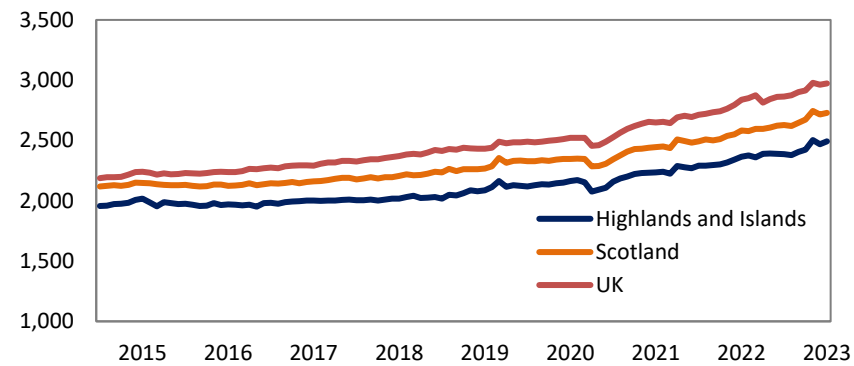
GDP per head (current market prices)



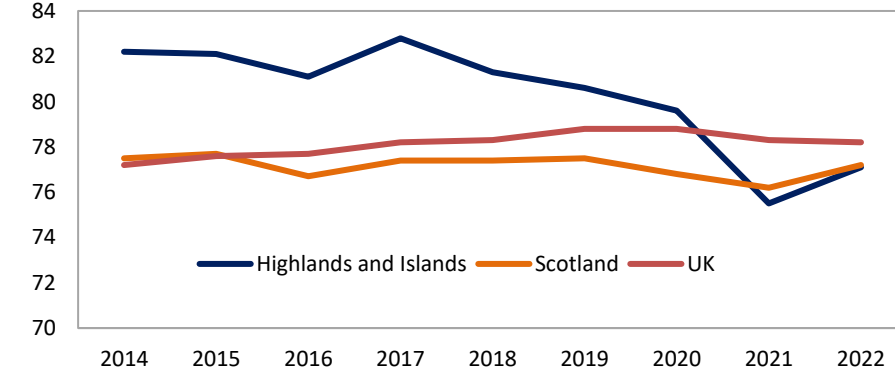
Claimant Count Unemployment Rate (% of population 16-24)



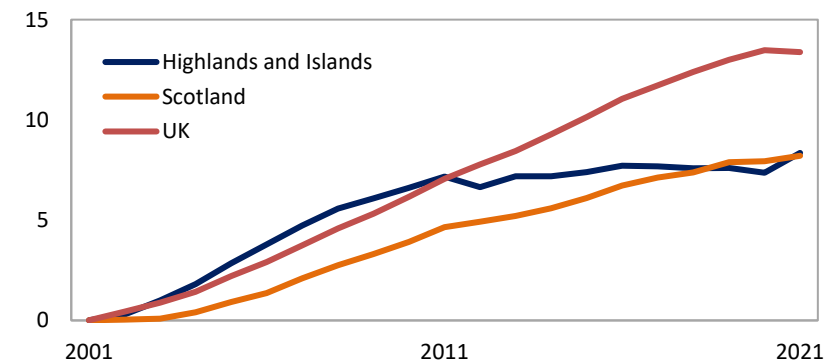
Mean Weekly Pay (PAYE)



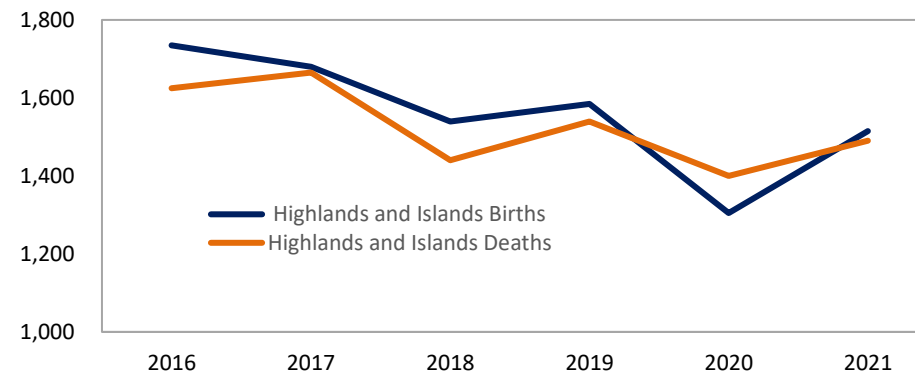
Economic Activity Rate



Population Change (2001=100)



Business Births and Deaths



HIGHLANDS AND ISLANDS PERFORMING WELL COMPARED TO SCOTLAND

Entrepreneurial activity

The highest rate of total early-stage entrepreneurial activity as a proportion of the working age population

High growth companies

7.9 high growth companies per 10,000 people of working age (Scotland 4.4) (source Businesses in Scotland, 2019-2022)

Self-employment

Higher levels of self-employment (10.6% compared to 7.6% in Scotland) (Source APS, January 2022 to December 2022)

Renewable energy

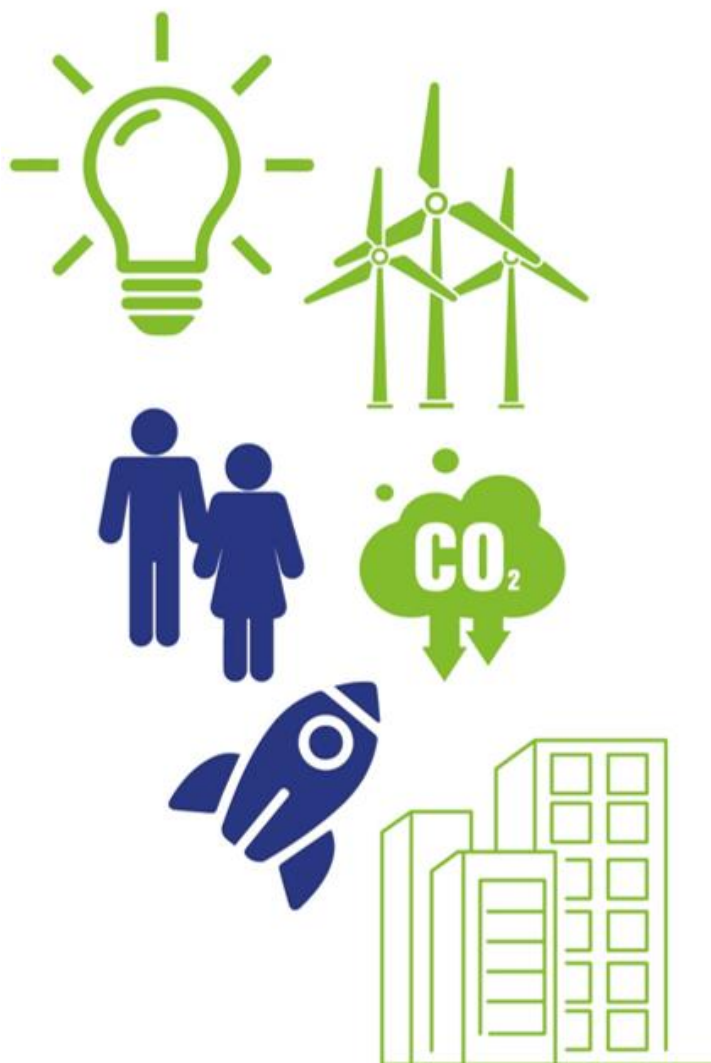
34% of Scottish operational installed renewable capacity

Commitment to net zero

70% of businesses identified moving to low carbon ways of working as a priority (rural Scotland 65%)

Space

Construction has begun on two spaceports in our region



Offshore wind

Eleven of the 20 new sites in the ScotWind round are in our region

Very good perception of neighbourhood

Neighbourhood satisfaction higher across region from 63% in Moray to 90% in Inverclyde (Scotland 57%)

Community owned land

99% of Scotland's community owned land is in our region

Gender employment gap

Gender employment gap is lower (3.6 percentage points vs 4.7 in Scotland)

Social enterprises

1,277 social enterprises (21% of Scotland)

HIGHLANDS AND ISLANDS PERFORMING LESS WELL COMPARED TO SCOTLAND

Business start-ups

51 new enterprises per 10,000 people of working age (Scotland 54)

Inward investment

Our region accounted for 7% of all Scottish inward foreign direct investment (FDI) flows into the UK

Exports

Exports as a proportion of GDP was 23% (Scotland 27%)

GVA per hour worked

94% of the Scottish level

Business expenditure on R&D

2% of R&D spend in Scotland was in our region**

Pay

Mean annual pay for all employees 87% of the Scottish level

Skills under-utilisation

36% of employers reported skills under-use within their organisation (Scotland 33%)



Population change

Lower rate of population growth (1.3% compared to 3.4% in Scotland) between 2011 and 2021

Dependency ratios

Higher dependency ratio (0.66 compared to 0.57 in Scotland)

Housing – Second homes

Our region has 37% of Scotland's second homes (9% of overall dwellings)

Extreme fuel poverty

All main local authorities in our region have the highest extreme fuel poverty in Scotland

Cost of living

Minimum living costs in remote rural Scotland are typically 15-30% higher than in urban areas of the UK

Digital Connectivity

21% of households in our region are able to receive gigabit broadband (63% in Scotland)

Vision for Scotland's economy

Vision

A Wellbeing Economy:
Thriving across economic, social and environmental dimensions.

Ambition

Fairer

Ensuring that work pays for everyone through better wages and fair work, reducing poverty and improving life chances.

Wealthier

Driving an increase in productivity by building an internationally competitive economy founded on entrepreneurship and innovation.

Greener

Demonstrating global leadership in delivering a just transition to a net zero, nature-positive economy, and rebuilding natural capital.

Programmes of Action



Entrepreneurial
People and
Culture



New Market
Opportunities



Productive
Businesses and
Regions



Skilled
Workforce



Fairer and More
Equal Society



A Culture of Delivery

VISION, PURPOSE AND AMBITIONS

LÈIRSINN, ADHBHAR IS ÀRD-AMASAN

THE VISION:

The Highlands and Islands is a leading net zero region with a dynamic wellbeing economy, which benefits its growing population and makes a valued contribution to Scotland.

OUR PURPOSE:

Build and sustain a greener, fairer and more resilient region that benefits everyone.

DELIVERED THROUGH INVESTMENT IN:

People

Place

Planet

Prosperity

TO ACHIEVE KEY OUTCOMES

A more balanced population and growing skilled workforce

Increase in average wages

Increase in economic and community benefit from the transition to net zero

Increase in productivity and innovation

USING OUR TOOLS

People

Partnership

Assets

Investment

Evidence

OUR GUIDING PRINCIPLES WILL ENSURE WE ARE:

Delivering for all parts of our region

Bold and ambitious

A strong and valued partner

Customer centred

Fair work and net zero driven

Smarter, innovative and agile

HIE Strategic Framework



Guiding principles and supporting policies



Gregg Arthur Aquaculture Manager, UHI Shetland here with FlowCytobot, Shetland



MeyGen project turbine being prepared for deployment at Nigg Energy Park



Delivering Our Strategy



Leader

Shaping and driving **shared policies, strategies and evidence**. **Direct delivery** of programmes or interventions.



Co-owner

The same functions as a leader but as a **partner, rather than main or primary driver**



Broker – Facilitator

Advocacy, influencing and **coalition building**. **Connecting actors**, developing the **evidence base**, contributing to policy design and facilitating programme delivery.



- **People** - with strong local, regional and sectoral knowledge, expertise and experience, leadership and passion
- **Partnership** - combining knowledge, resources, assets to collaborate to make a difference
- **Assets** - focusing on realising the benefits of prior infrastructure investments, maximising their potential and their demonstration value and using digital tools to increase engagement
- **Investment** - maximising internal, external and inward investment, stimulating demand, using different financial instruments
- **Evidence** - ensuring the region, our businesses and communities are well understood and evidence used to influence and support effective responses

STRATEGIC OBJECTIVES

The region has a balanced, distributed and growing working age population and skilled labour force

Management and leadership capability and a strong entrepreneurial culture are embedded in our businesses and communities

Develop management and leadership capability in our enterprises and communities

- enhance business and community resilience and growth through more effective management and ambitious leadership to accelerate investment, innovation and productivity. There will be specific targeting of young leaders, female leaders and support for rural leadership.

Develop entrepreneurial culture and mindset

- support entrepreneurs with practical tools, techniques, training and mentoring to develop confidence, innovation and capability. There will be specific targeting of young entrepreneurs, female entrepreneurs and those in more rural and island locations.

Support talent attraction and population growth

- work with regional partners to develop the evidence base; support repopulation and talent attraction strategies, action plans and interventions; capitalise on opportunities for remote working; and support graduate placements. Areas with higher levels and forecasts of population decline will be targeted.

Support skills development and coordination

- support businesses with skills and workforce planning, contribute to the planning and implementation of a regional response to the identification of skills needs and aligning investment in skills and education with local and regional transformational opportunities, especially to support the energy transition, nature-based jobs, emerging space sector and construction supply chain.

OUTCOMES

Balanced population and growing skilled workforce

Increased proactivity and entrepreneurialism

Improved business and community leadership

Improvement in labour market and skills availability

Skills system is more aligned to regional priorities

POPULATION ATTRACTION AND RETENTION

Collaboration

- Convention of the Highlands and Islands (COHI)
- Regional Economic Partnership (REP)
- Local partnerships
- Evidence and Policy

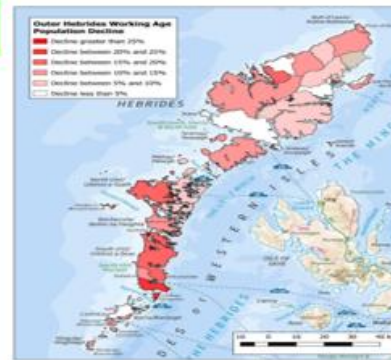
Conditions

- Housing
- Transport
- Digital
- Employment
- Skills and Education
- Jobs dispersal

Population Pilot Areas

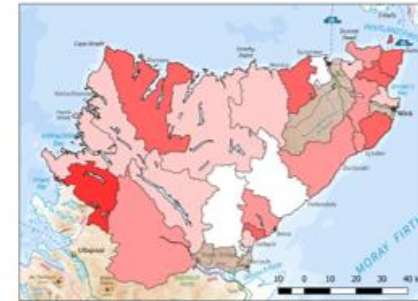
Outer Hebrides

Uist



Highland

N W Sutherland



Argyll & Bute

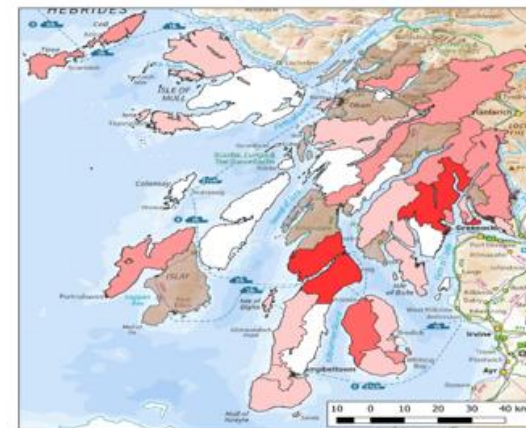
Coll

Tiree

Kintyre

Bute

Rosneath Peninsula



North Ayrshire

Arran

Cumbrae

