

Building sustainable growth in the Highlands and Islands of Scotland

Alastair Nicolson



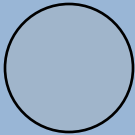
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H.I.E. Area



Distance from
Inverness to Lerwick





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Milan and Lerwick
equidistant from
London





Challenges facing the region

- Remoteness and peripherality
- Inhospitable terrain and climate
- Water crossings
- Sparsity of population
- Fragile rural economies
- Low incomes



Drivers of change

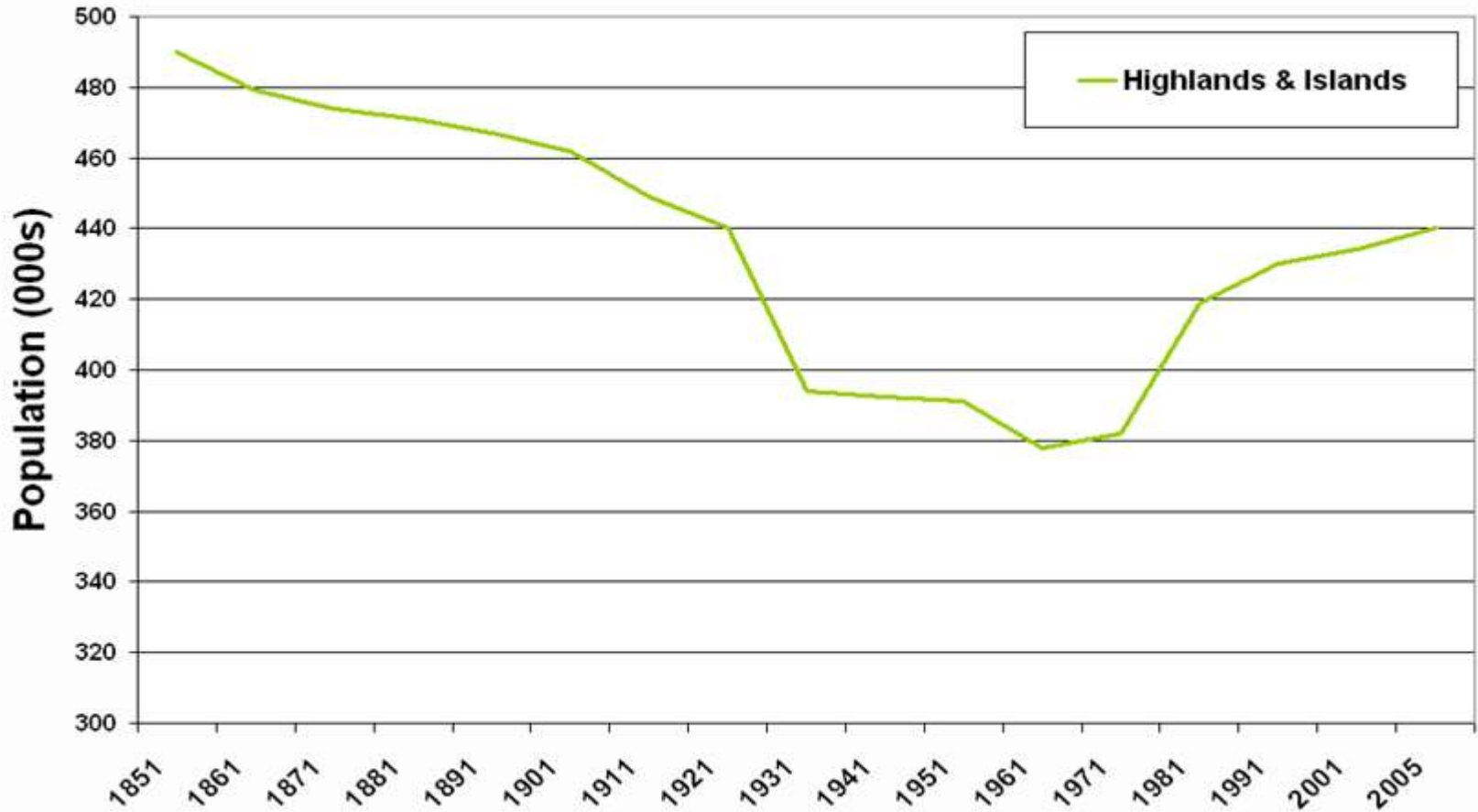
- Establishment of Highlands and Islands Development Board (HIDB) – 1965
- Local government reform – 1975
- Exploitation of North Sea oil – 1970's
- Upgrading of transport infrastructure – 1970's / 1980's / 1990's
- Upgrading of telecoms infrastructure – 1980's / 1990's / 2000's



Population change



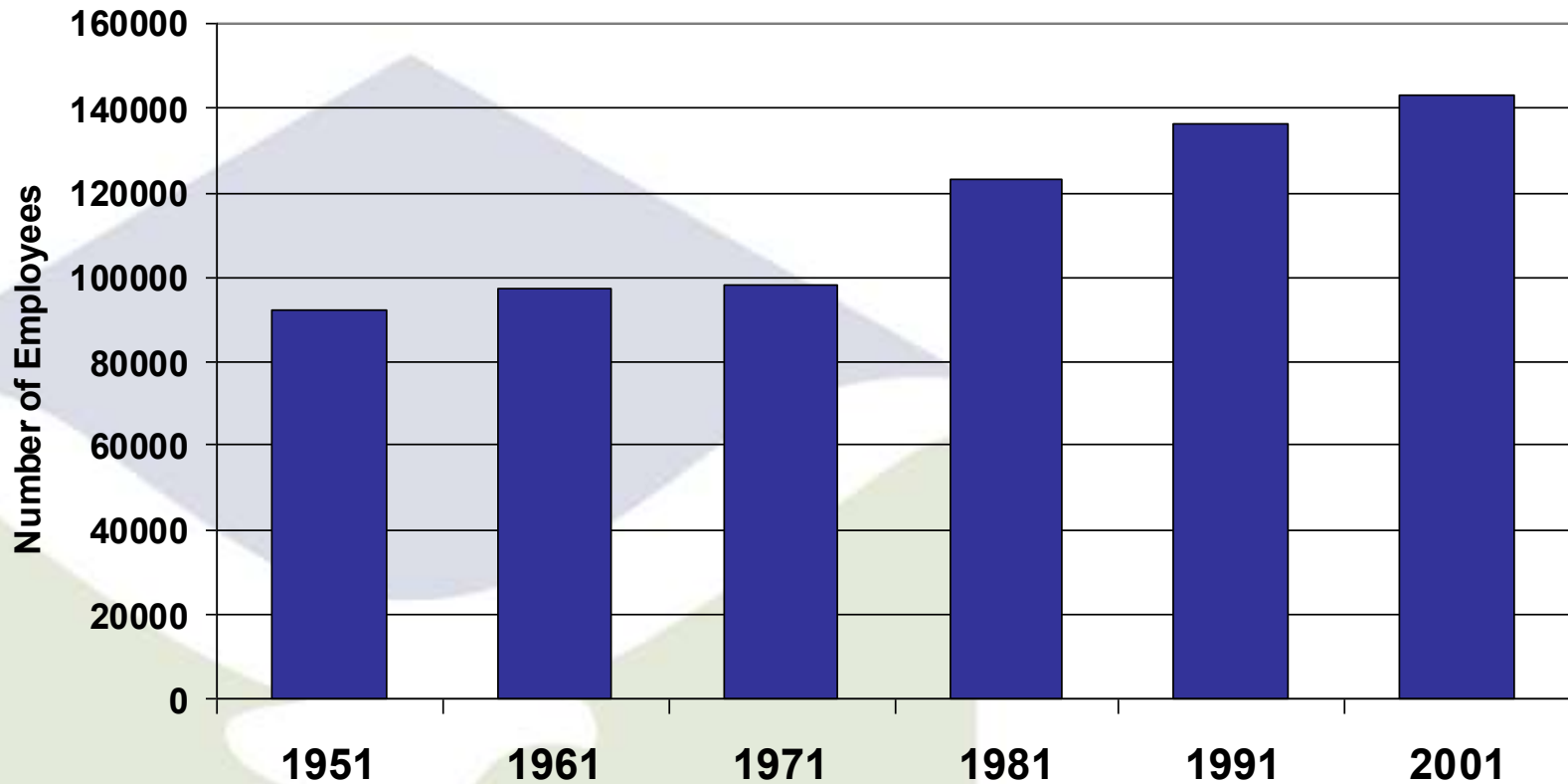
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Employment growth



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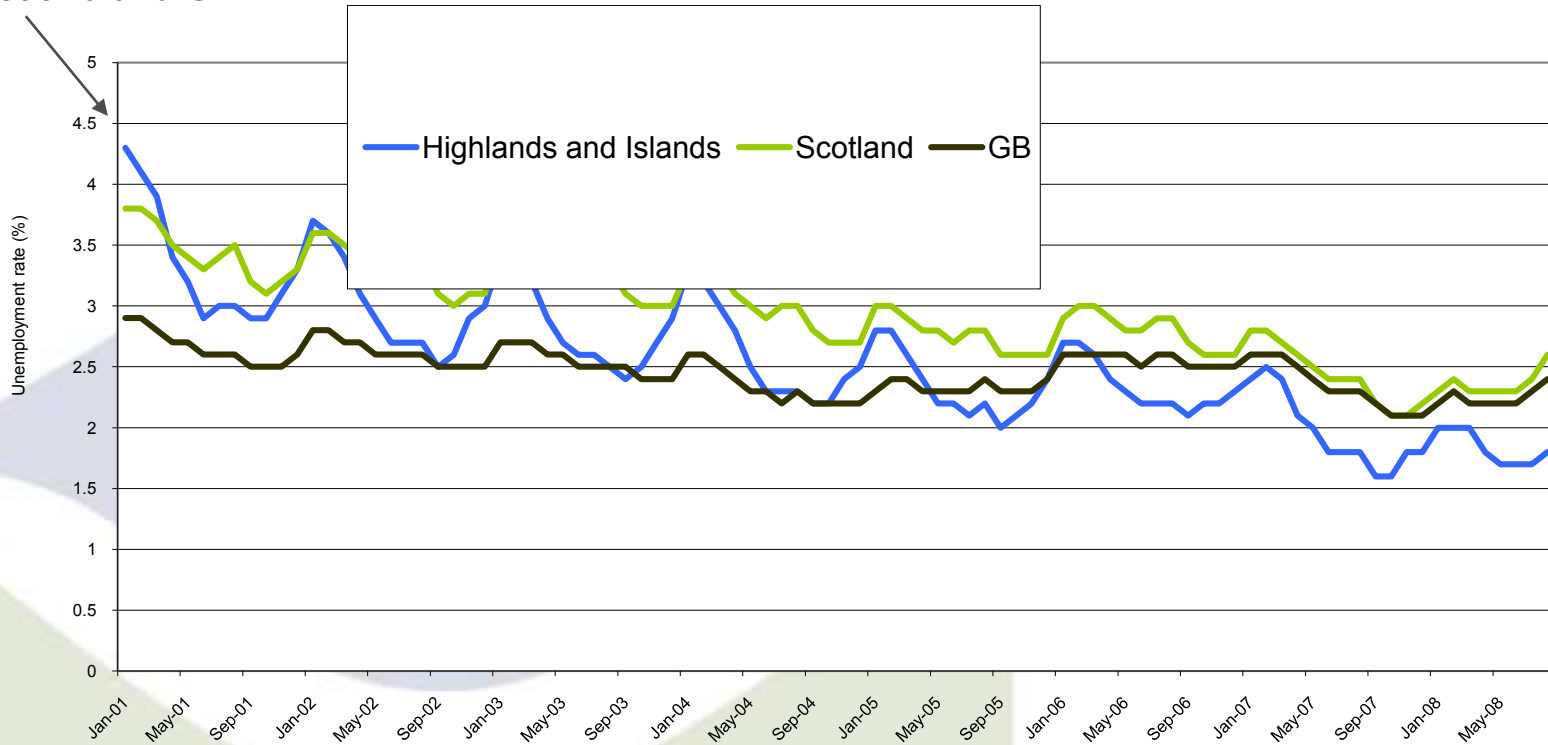
Source: Census of Employment and Annual Business Inquiry

Unemployment



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2001: above
Scotland and GB

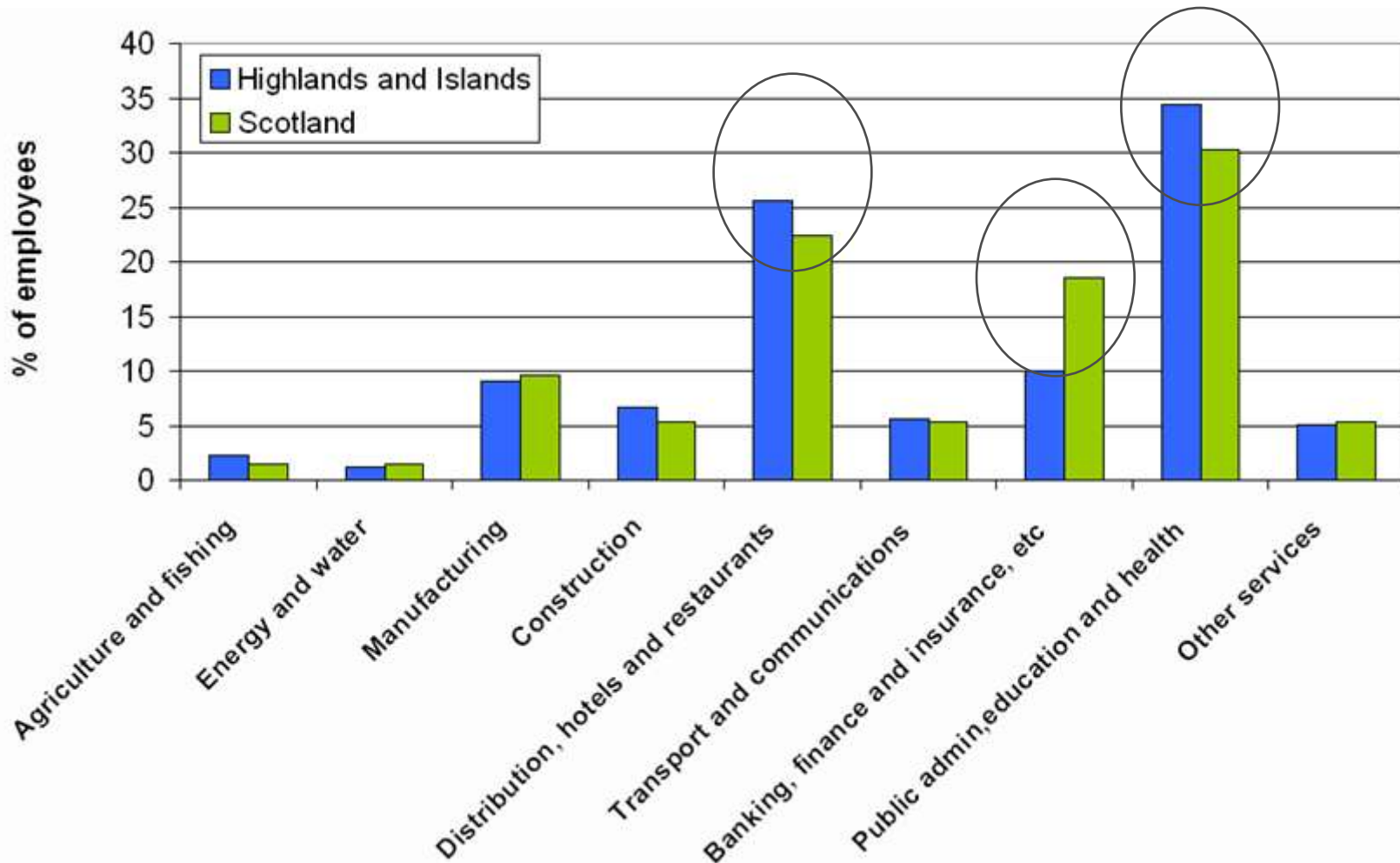


2008: below
Scotland and
GB

Sectors of employment



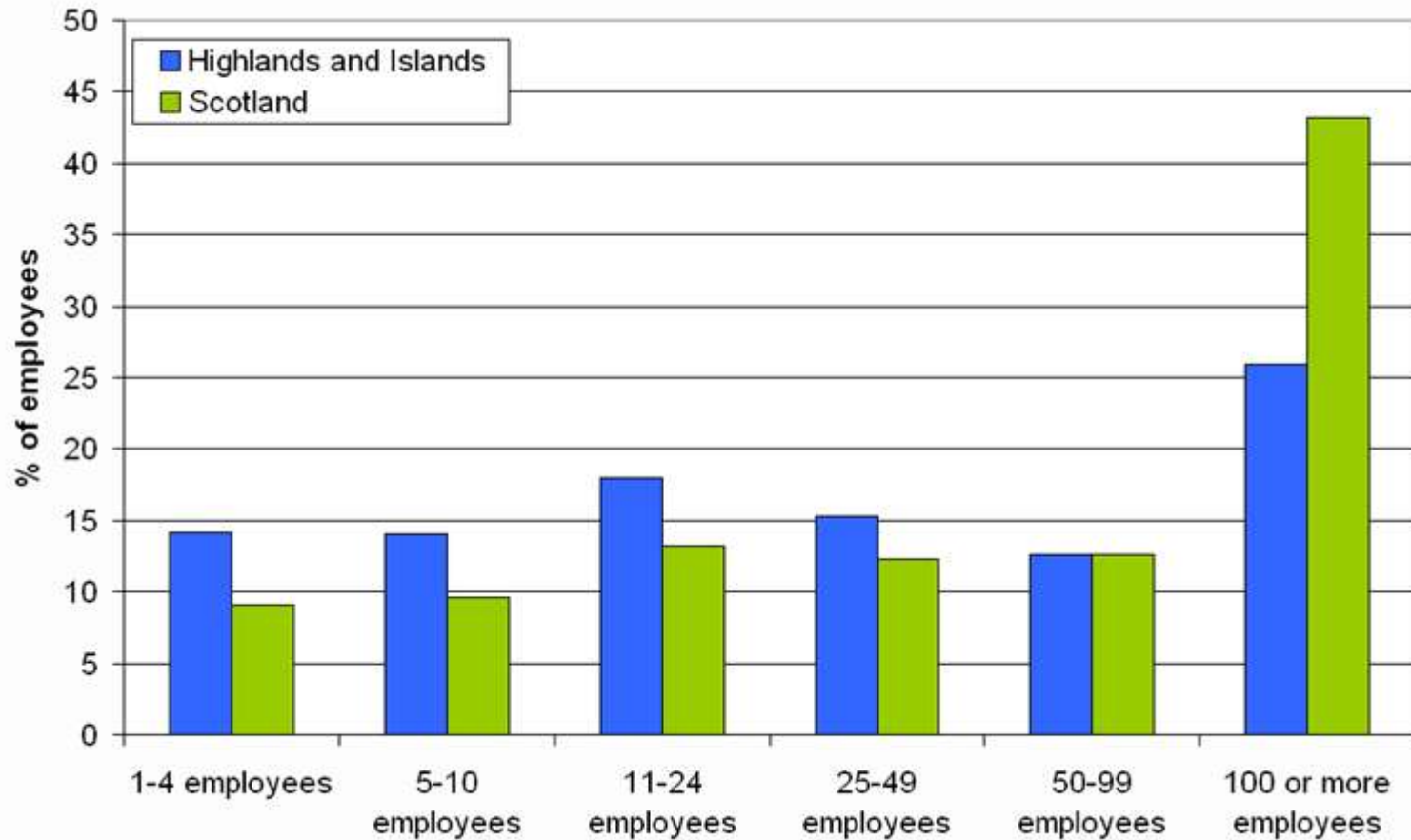
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Employment by business size



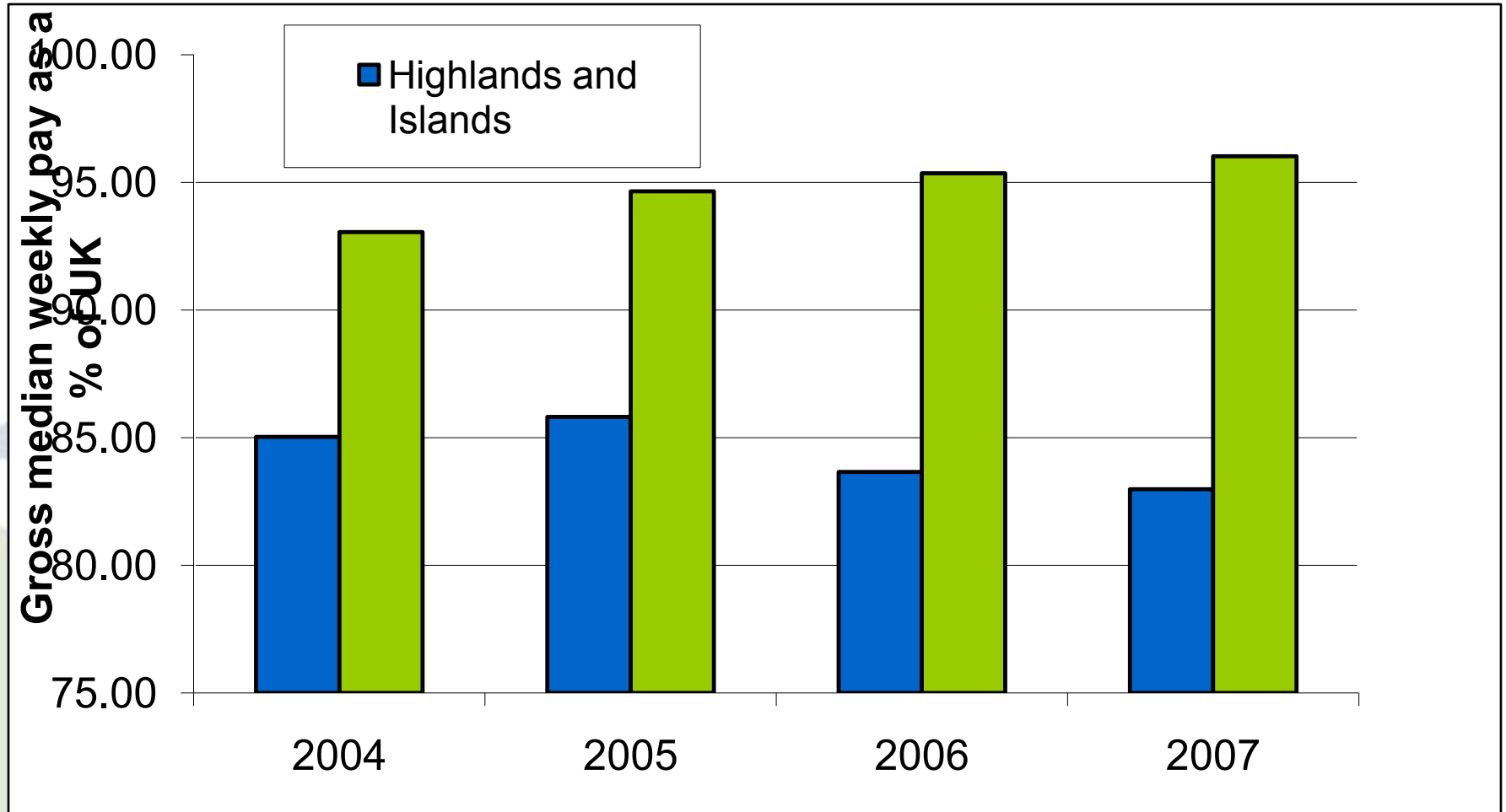
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Income levels



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The Highlands and Islands today

- A growing population
- A more diversified economy
- Low unemployment / larger workforce
- Confident communities
- Improved infrastructure
- Ambitious new developments



Challenges facing us

- Holding on to the gains we have made
- Countering the forces of centralisation
- Fostering dispersed activity
- Reversing decline in the fragile areas
- Using land and marine resources better
- Building the role of the Highlands & Islands in a different Scotland



The Nature of Geographical Competition

- Nations, regions and local economies are competing for
 - ideas
 - investment
 - people
- Geographical competition is continent-wide and – ever increasingly – global in nature
- It is fuelled by drivers – wealth and poverty and information
- “The paradox of globalisation is that location still matters”

A competitive rural region

- **Population** – a growing population in every part of the area
- **Economy** – with high economic activity rates and rising income levels
- **Linkages** – good physical connectivity and high-speed electronic communications universally and cheaply available
- **Universities** – higher education provision attracting young people to come and study and providing a research base for the economy
- **Services** – good quality public and private services throughout the region
- **Communities** – strong association with the local area and a pride in what it has to offer
- **Prospects** – optimism about the future and an open-arms approach to attracting people to participate in that future

The Highlands & Islands as a competitive rural region

	<i>1960s</i>	<i>Today</i>
• <i>Population</i>	*	***
• <i>Economy</i>	*	***
• <i>Linkages</i>	*	***
• <i>Universities</i>	-	**
• <i>Services</i>	**	***
• <i>Communities</i>	***	****
• <i>Prospects</i>	*	****

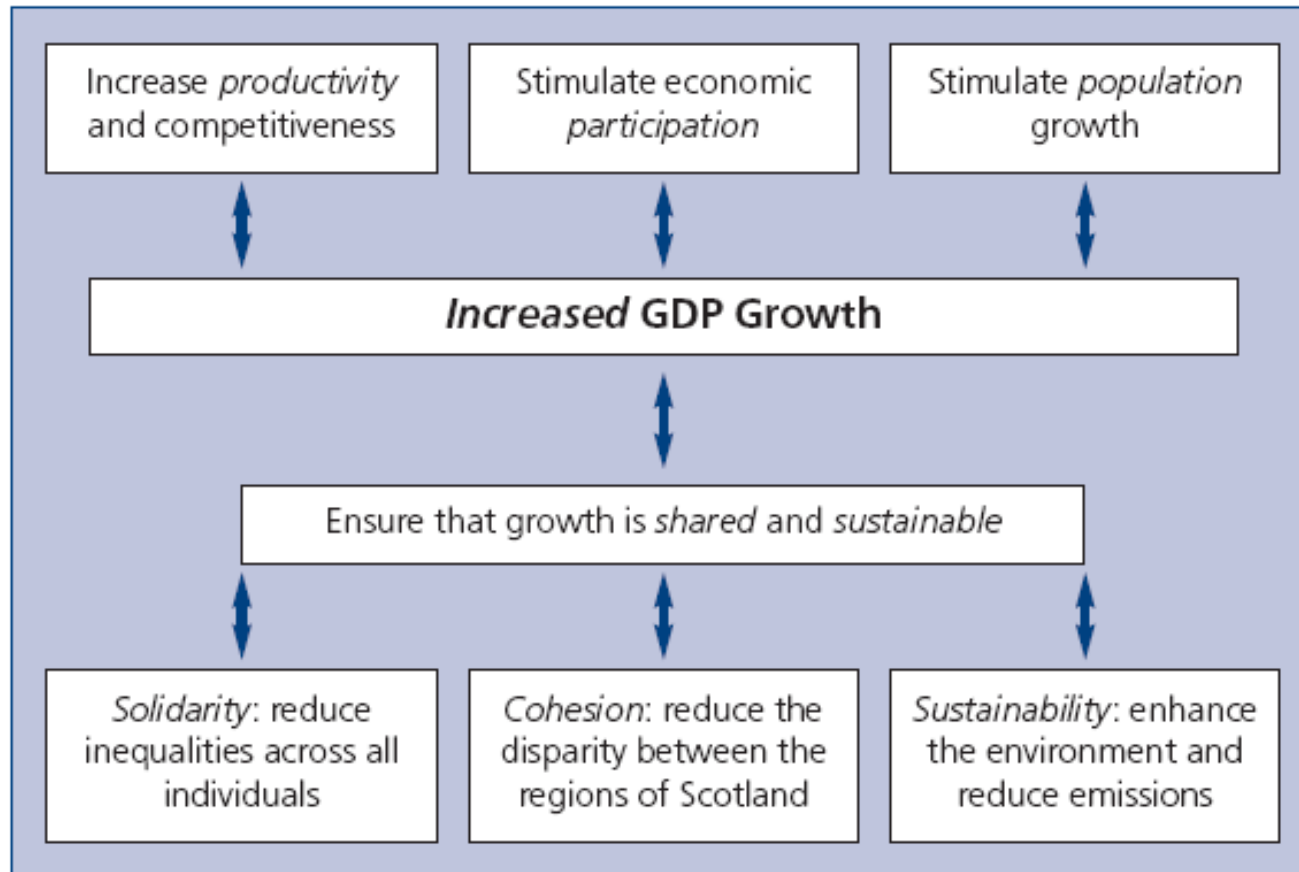
The Government Economic Strategy



The Purpose

To focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

The challenge



HIE's approach

- Regional competitiveness
- High growth businesses
- Strengthening communities



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Regional Competitiveness

- Increasing the size of the area's contribution to Scotland's growth
- Raising the competitiveness of Highlands and Islands businesses and sectors
- Assisting the growth in population in all parts of the region
- Raising the already-high activity rates and improving skills in the workforce

University of the Highlands and Islands



Marine Science



Health Science



Renewable energy



High growth businesses

- Account Management – the HIE 500
- Increase the economic impact of identified priority businesses
- Achieving more productive, more profitable and more valuable businesses in all parts of the region
- Creation of high value jobs in tight labour markets, fuelling in-migration

Strengthening communities

- Enabling stronger communities to foster growth
- Creating the conditions for talented people to live, work and remain in the area
- Developing social enterprises to offer opportunities to those further from the workforce
- Ensuring remote and fragile areas contribute to, and benefit from, economic growth
- Implementing community renewable energy initiatives

Aspirations



A growing
population in
every part of the
area

A more diverse
employment
base in key and
emerging sectors

Higher
productivity

Higher incomes
in real terms

Lessons learned

- Have a long term vision
- Make it ambitious
- Focus on your strengths
- Be prepared to take risks
- Build confidence in your communities
- Stick at it







HIE

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Area challenges 2008

-  Fragile areas
-  Areas of employment deficit

