

ORKNEY LOCAL ECONOMIC FORUM

BUSINESS DEVELOPMENT SERVICES

ACTION PLAN

CONTENTS

- 1 Background
 - 1.1 The Orkney Area
 - 1.2 The Local Economic Forum
 - 1.3 The Local Economic Forum in the Community
Planning Process
 - 1.4 Mapping the Current Landscape of Business
Development Services in Orkney
 - 1.5 The Action Plan

- 2 Action Plan – introduction
 - 2.1 Policy Actions
 - 2.2 Organisational Actions
 - 2.3 Development Actions

1 Background

1.1 The Orkney Area

Orkney has a population of just under 20,000 in an area covering nearly 100,000 hectares. Of over 70 islands in the group, 16 are regularly inhabited. Approximately 16% (2,982) of the population live in the more fragile North and South islands in the group.

The area's traditional industries are farming and fishing, but tourism and food processing are increasingly important. Orkney's unspoilt environment is a huge advantage for both these industries.

Unemployment in the islands is characteristically low (Sept 2001 1.9%) although this masks a degree of under-employment and underlying trend of depopulation of the more fragile islands in the group.

The area benefits from having a common boundary within which the main public and governing bodies (local authority, NHS Orkney, tourist board, enterprise company) operate. There is already a high degree of co-operation between public agencies, and between public agencies and the private sector. The forum action plan builds on this foundation.

1.2 The Local Economic Forum

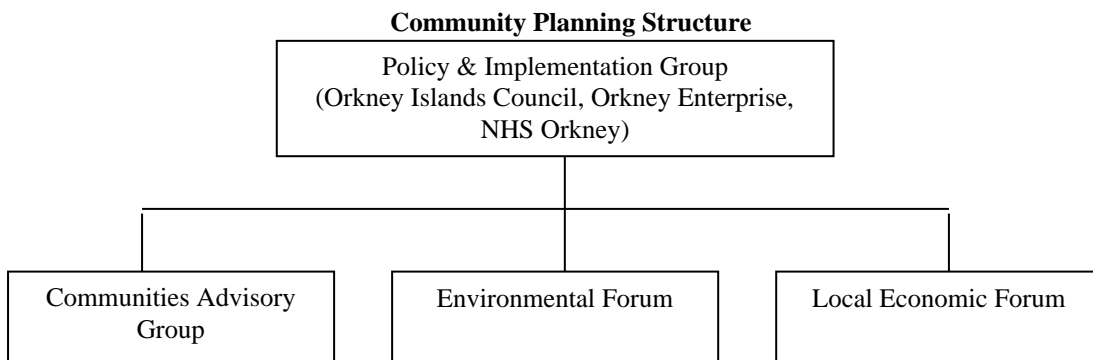
A core economic forum was established on 10 May 2001 and comprises the following key organisations:

Orkney Islands Council (OIC)
Orkney Enterprise (OE)
Orkney Tourist Board (OTB)
Orkney College (OC)
Orkney Chamber of Commerce (C of C)
Employment Service (ES)
Careers Service (CS)

A wider consultation group has also been established and has been involved in the work of the forum to date via one public meeting (28 June 2001) and ongoing consultation by letter/e-mail with the forum co-ordinator. The core forum consider it vital that the work of the forum is made available to the wider community and proposals for developing this are an integral part of the action plan.

1.3 The Local Economic Forum in the Community Planning Process

The community planning process is now underway in Orkney and the local economic forum has an integral part to play in this as is illustrated in the diagram below.



1.4 Mapping the Current Landscape of Business Development Services in Orkney

This work was commissioned by the forum and undertaken by consultant Brian Burns.

1.5 The Action Plan

The content of the action plan has been based around the findings of the mapping report and also takes account of Scottish Executive guidance to local economic forums.

The action plan has been agreed by the local economic forum members.

The wider forum membership has also been consulted throughout the process of compiling the action plan. Their feedback has been incorporated in this plan.

2 Action Plan

Introduction

The action plan incorporates all the main issues arising from the research commissioned by the forum to map the current landscape of business development services in the county.

The mapping report presented a comprehensive review of the relevant development agencies in Orkney and of the services they provide, as well as setting out the comments made by user groups. The plan is based around the “Pointers for the Action Plan” set out at the end of the mapping report. The “pointers” were the issues and questions which arose from the research and which were put forward as the basis for an agenda for the action plan.

Actions are presented under three main headings:

- Policy actions
- Organisational actions
- Development actions

2.1 Policy Actions

2.1.1 Develop an agreed economic development strategy for Orkney

Background

There would be long term value in developing a set of economic objectives which could be shared by all agencies in Orkney. Agencies tend to have developed their own objectives for economic development, and whilst these are for the most part broadly similar, there would be benefit in fully aligning objectives. This is fundamental to the LEF approach, and is also required as part of the Community Plan. It is suggested that it should be the first stage and task of the action plan.

The creation of this strategy will assist in more clearly defining the respective roles of each agency and clarify the roles of both public and private sectors in its implementation.

Action by:

- Forum members in consultation with key public agencies and private sector groups

Timescale & Report Back

- Immediate
- Draft strategy for wider consultation by 31/12/01
- Final strategy by 31/3/02

2.1.2 Development of sectoral strategies

Background

In Orkney we have already commenced the task of developing a set of sectoral development plans. The principal example to date is the Food and Drink Strategy, which was developed by a tripartite group incorporating OE, the Council, and representatives of the industry. A draft strategy for tourism, developed in a similar manner, is now under consultation. There has been an initial meeting to start the process for fish farming, an industry which is undergoing consolidation and expansion. Farming and fishing would need to be fairly high up the list, which could be part of a rolling programme.

The creation of sectoral strategies greatly assists alignment of appropriate business services to industry and, by involving industry, assists in clarifying the roles of public sector bodies.

Action by:

- Subgroups involving the relevant development agencies and industry representatives.

Timescale/Report Back

- Immediate and ongoing
- Fish farming/aquaculture - by 31/3/02
- Farming/fishing – draft by 30/6/02
- Jewellery/craft/manufacturing – commenced in March 2002

2.1.3 Undertake a specific review of public sector policy relating to support services offered to the construction and retailing sectors

Background

Construction and retailing are the two sectors highlighted in the report that require urgent review. There are some limited areas of public sector aid for these sectors (e.g. some business information services and training). For both OE and OIC it is the displacement argument which prevents more general aid being given, i.e. that expansion of one firm will tend to be mirrored by the contraction of another firm. The two sectors benefit if the economy as a whole can be made to grow. Nevertheless, there are changes taking place in these markets, such as (in the retail sector) the growth of internet and mail order buying, and sales by visiting firms from the south.

These issues need to be explored more fully and openly with industry representatives, to the same format as suggested in 2.1.2 above. It would also obviously help if there was a clear statement by the public agencies of the principles which govern their assistance and this would be clarified and subsequently publicised as part of this action. It is suggested that this should form part of the action plan, and a good starting point is the comprehensive review set out in the mapping report.

Action by:

- LEF sub-group: OIC/OE in consultation with Chamber of Commerce, Federation of Building Contractors, Orkney Housing Association etc.

Timescale/Report Back

- Initiate review by 31/1/02 and produce a report with recommendations to the forum by 31/3/02

2.1.4 Keep under review the levels of resources directed (and re-directed) to service delivery

Background

The mapping report indicated that the typical level of public expenditure on economic development in Orkney has averaged £20m per year. The bulk of this expenditure (£16m) relates to support to the agricultural sector through SERAD. The proposed fundamental changes (potential reduction) in development funding to the rural economy through the activities of SERAD and Crofters Commission will have a massive impact on the Orkney economy – at a level that the forum, through its actions, would be unable to influence. Given the islands dependence on Agriculture the effects of these changes will be far more severe in Orkney compared to other parts of the Highlands and Islands.

The forum recognises that this is the single biggest issue that is affecting the level of resources being applied to rural development services in Orkney.

Action by:

- The forum wish to draw this issue to the attention of the taskforce and recommend that, given the potential impact to the county of forthcoming support structure changes to the agricultural sector, all local development agencies are involved in the discussions. This would involve HIE, local authority, SERAD and Crofters Commission in talks to clarify respective development roles and scope for co-operation and alignment in the future.

2.1.5 Clarify the division of responsibilities between agencies, especially between OE and OIC

Background

The mapping study indicated that there is a de facto division in some areas between OE and OIC in particular, and indeed most users did not think there was an overlap in provision of business services. Indeed there is a degree of additionality in the work of the agencies, which should not be lost. Perhaps this could be made more explicit by setting out which agency tends to specialise in which service; this could also help the two or three trade associations that indicated they were not sure which services were provided by which agencies.

Action by:

- LEF sub-group: OIC/OE
- Following on from the creation of the overall development strategy, each agency will clarify their role in its implementation; and ensure a means of jointly publicising this to the community.

Timescale/Report Back

- Immediately following the creation of the draft overall economic development strategy
- Statement of respective roles prepared by 31/3/02 in parallel with publication of the strategy

2.1.5 Developing Links with other Community Planning groupings especially with the Policy & Implementation Group (PIG), the Environment Forum and the Communities Advisory Group

Background

As the LEF is intended to be an integral part of the Community Planning (CP) architecture, these links can be made explicit. Developing the links into something meaningful will take time, as all parts of the CP structure begin to move ahead. There will be a need to consider the work of the Environment Forum and the Communities Group, and to examine their implications for economic development. An example is the current investigation into the establishment of an environmental trust whereby potential projects it may manage would cross-link between the environmental and economic groups.

Action by:

- LEF sub-group: OIC/OE. This will involve two way communication to/from the Policy Implementation Group leading the CP process.

Timescale/Report Back

- Immediate: the LEF to continue to be integrated into the community planning process

2.2 Organisational Actions

2.2.1 Investigation of the scope for agencies to use each others' specialist skills

Background

Generally the trend in development agencies in recent years has been to move away from sectoral functions. Instead activities in different sectors are all seen in terms of a basic business model, with varying requirements for business planning, marketing, training, financial control, etc., and development agencies have concentrated on providing these functional expertises. People active in the sectors themselves are the repository of specialist information. This conforms to the general pattern of business development in rural areas, in which the business person is usually a producer first, and his/her main need is for business skills.

Nevertheless an informal system of sectoral specialism exists within development agencies.

The option of buying in sectoral expertise could be further developed. Indeed it already happens, for example with Scottish Agricultural College (SAC) being commissioned in the recent past to undertake surveys of Orkney agriculture, and also involved informally in establishing schemes of assistance such as the Winter Feed Scheme. There may well be further opportunities for this in future.

This action addresses the issue of agencies avoiding duplication, specialising in areas they know best – and using the specialist skills of other agencies to optimise resources.

Action by:

- LEF sub-group
- To investigate the scope for relevant agencies developing formalised arrangements to allow them to make use of each others' specialist skills and knowledge.

Timescale/Report Back

- Initial report to LEF by 31/12/01

2.2.2 Consider opportunities for closer integration and efficient joint working by agencies

Background

There are some attractions to these options, but there are also difficulties. It has to be recognised that each agency is embedded in a larger organisation: Orkney Enterprise as part of Highlands & Islands Enterprise, Economic Development department as part of Orkney Islands Council which impacts on the business community in many different ways. One of the arguments for continued local authority involvement in development work is that Economic Development departments can act as a bridgehead or lever for the business community within the local authority; without it, the authority might end up giving a lower priority to business interests. Orkney Tourist Board, which is specifically mentioned in this point, has its membership base and its narrower sectoral focus.

Each organisation is subject to change already, within its wider context. For example in OIC the estate management function is being reviewed, and this may have an impact on Economic Development department functions. Change for the local agencies has to be seen against a backdrop of change in their parent organisations.

There is no doubt that the three organisations mentioned, and indeed most of the agencies reviewed in the Mapping Report, should work together as closely as possible. There is already a high degree of co-operation and joint working, particularly because boundaries are co-terminous, and the community is relatively small – characteristics which do not apply in much of mainland Scotland. Mechanisms for working together even more closely should be examined by the agencies, but it is suggested that these are likely to be incremental rather than wholesale and radical. It can be noted that this is already happening, for example, with Careers Scotland and the enterprise network.

Action by:

- LEF sub-group
- To draft a report that maps out areas worthy of initial investigation

Timescale/Report Back

- Immediate and to be kept under constant review
- Initial report to be prepared by 1/3/02

2.2.3 Investigate means of simplifying access to services by exploring prospects for joint applications and joint project appraisal

Background

There is scope for looking at ways of aligning application forms so that, for example, they do not request the same information in a marginally different format.

In practical terms, joint appraisal already largely happens between OIC and OE and, to a limited extent, between OE and SERAD (marketing scheme). Other agencies, such as

SERAD and SNH, have a rather different focus and this will tend to limit the scope for joint appraisal.

The forum nevertheless considers it appropriate to investigate ways of aligning systems to reduce duplicated work by users.

Action by:

- LEF sub-group
- Prepare a brief report on possibilities for streamlining for consideration by the relevant key agencies

Timescale/Report Back

- Report and recommendation to the LEF, following consultation, by 31/3/02

2.2.4 Investigate opportunities for more efficient operation of local agencies by pooling of information

Background

This is one aspect of the issue of exchanging specialist knowledge. The Data Protection Act imposes constraints on free exchange of information on firms, and the legal aspects of this would need to be looked at. Any actions should take account of plans being considered at wider level e.g. within the HIE area of careers networks and the introduction of customer management systems.

At another level, there is believed to be greater scope for increasing the awareness of, and access to information relating to completed research reports and general information accessed at present via the Enterprise Network Business information Sources.

Action by:

- LEF sub-group, possibly as part of action 2.2.3
- Orkney Enterprise, to raise awareness of current information services in both public and private sectors and consider ways of broadening the service with other partner agencies.

Timescale/Report Back

- Report by 31/3/02

2.2.5 Engaging interested parties in the work of the forum

Background

It is considered vital that the wider community has the opportunity to be informed about, and comment on, the work of the forum. The forum will actively involve the wider community in its work as far as possible.

Action by:

- Orkney Forum co-ordinator
- Establish website by 30/11/01
- To maintain involvement of the wider forum
- To raise awareness of the forum and its work via press, direct contact, website

2.3 Development Actions

2.3.1 Initiate development of a locally relevant ‘blue skies’ research programme

Background

The forum believes that there should be more ‘blue skies’ research looking at the future of the local economy, particularly in the context of the need to diversify the rather narrow economic base, which is typical of small local economies. This narrow base makes Orkney more vulnerable to changing economic and political circumstances.

It is suggested that as part of the action plan, the LEF should develop a programme that is particularly relevant in respect of future diversification of the economy. Recent examples have involved innovative development programmes in close partnership with industry on new species for aquaculture (halibut/shellfish hatcheries) and work with Orkney College in commercialising new/ different plant species/ products.

Action by:

- LEF sub-group - identifying opportunities in close consultation with all sectors of the economy.

Timescale/Report Back

- Draft proposals for developing such a programme to be presented by 31/3/02

2.3.2 R&D, Pilot, and Demonstration Projects

Background

The perceived desire for more resources to be devoted to this area is acknowledged but it has to be appreciated that there are trade-offs to be considered – resources spent on this type of work may have to be taken from what would otherwise be given as direct assistance to firms. There is indeed logic to doing this, since such work at the hand of the public sector reduces the risks for the private sector, which therefore needs less direct aid. It might be possible to increase total funds by tapping into external funds for this kind of work. The joint development of expertise in attracting funds into Orkney from other sources is an important area.

Action by:

- LEF sub-group – as part of 2.3.1

Timescale/Report Back

- Draft proposals for developing such a programme to be presented by 31/3/02

2.3.3 More Pro-active development Work

Background

There is a desire among the business community for more contact time and more pro-active development work. It is possible that contact time for some agencies has reduced, due to an increase in administration, as well as reduction in the staff resource. Administration has often increased because of a greater requirement for leaving audit trails and documenting all steps of a case or project. Resources as they stand at present would probably be quite stretched to drastically increase contact time. Agencies will have to examine whether they can re-prioritise resources.

Action by:

- Individual agencies to follow up

2.3.4 Developing greater capacity to attract funds from outwith Orkney

Background

There is an increasingly wide range of complex funding sources – and government initiatives/challenge funds available for development. There is a constant need to be alert to the opportunities in accessing appropriate funds – especially those which are relevant to assisting us to achieve the area's commonly agreed objectives.

The forum will consider how an appropriate structure or system can be established in Orkney to ensure:

- (a) public/private bodies in Orkney are made aware of opportunities as and when they arise.
- (b) an efficient means of identifying and distributing funding information (networking) within Orkney

Action by:

- LEF sub-group
- To produce brief report on items (a) and (b) above

Timescale/Report back:

- Report by 31/3/02 – for wider consultation