BUILDING OUR FUTURE
Operating Plan 2016-2019
As a Scottish Government agency, HIE’s role is to lead regional growth and development in line with Scotland’s Economic Strategy (SES), improving competitiveness and helping build a fairer society.

---

**CONTENTS**

Highlands and Islands Enterprise (HIE) is an ambitious organisation with a unique remit which integrates economic and community development. We work in a diverse region which extends from Shetland to Argyll, and from the Outer Hebrides to Moray, covering more than half of Scotland’s land mass.

---

**FOREWORD** ................................................................. 03

**INTRODUCTION** ............................................................ 04

**PRIORITIES FOR SUSTAINABLE ECONOMIC GROWTH**

- Supporting businesses and social enterprises to shape and realise their growth aspirations ........................................ 05
- Strengthening communities and fragile areas ........................................ 08
- Developing growth sectors, particularly distinctive regional opportunities ......................................................... 11
- Creating the conditions for a competitive and low-carbon region ............................................................. 15

**MEASURING OUR IMPACT** .............................................. 19

**ANNUAL MEASURES AND BUDGET** ................................ 20

**DELIVERING BEST VALUE** ............................................. 22
Scotland’s Economic Strategy focuses on two mutually supportive goals - increasing competitiveness and tackling inequality.

These twin aspirations have been central to the work of this agency for more than 50 years now, and are at the heart of this three-year Operating Plan.

In delivering our four complementary priorities (see page 4), we have sharpened our focus on investing in our people and infrastructure; fostering innovation, research and development; supporting inclusive growth and promoting the Highlands and Islands on the international stage to increase trade and attract investment.

We have refined our approach to account management as a key tool for accelerating growth through strong and mutually beneficial relationships with our customers, whether these are businesses, social enterprises or communities.

Our ambition to establish the Highlands and Islands as a digital region is becoming reality, with next generation broadband on course to be available to 84% of premises by the end of 2016 – four times the total which would be available to 84% of premises by the end of 2016 – ceithir uiread na bhíodh air a fhágthinn tron mhargaidh choimearsalta. 'S fhiach cuimhneachadh cuideachadh gu bheil sreath de dh'iomairtean gan cur air doigh gu aire a tharraigh nam buannachd an luib adhartasan teicniceach dha' comanadh a' Ghàidhealtachd is nan Eilean as tachadh gu bhith ann airson innealan làimhe. Tha sinn a' coileanadh ar n-àrd-amais chum a' Ghàidhealtachd is nan Eilean a dheanann na sgire dhideateach, le bann-leathann fir luath gu bhithe ri fháithinn aig 84% de thogalaitheach ro dhireadh 2016 – ceithir uiread na bhíodh air a fhágthinn tron mhargaidh choimearsalta. 'S fhiach cuimhneachadh cuideachadh gu bheil sreath de dh'iomairtean gan cur air doigh gu aire a tharraigh nam buannachd an luib adhartasan teicniceach dha' comanadh a' Ghàidhealtachd is nan Eilean as tachadh gu bhith ann airson innealan làimhe.

We are also listening to our young people. As part of our anniversary, we carried out an extensive survey of the attitudes and aspirations that people aged 15-30 hold towards that the Highlands and Islands. The results were highly encouraging, with a majority holding very positive opinions of the region. It is clear we need to meet their aspirations, not only in helping create high quality employment and education opportunities, but also through completing the delivery of broadband to all areas and, increasingly, leading on improving mobile connectivity.

Above all, we are determined to continue building our future on that legacy so that generations to come may enjoy the fruits of economic and social progress throughout the Highlands and Islands.

Tha fòcas aig Roi-innleachd Eaconamach na h-Alba air dà cheann-uide bealta – ag árdachadh farpaiseachd agus a’ cur air adhart co-innleachd.

Tha an dà cheann-uide seo air a bhith aig crìdhe obair na buidhne thar córr is 50 bliadhna, agus tha iad mar an ceudna aig crìdhe a Phlana-obrach tri-bliadhna seo.

Tro bhith a’ libhirgeadh nan ceithir priomhachasan co-thaiceal (feuch d.4) tha ar n-aire gu mòr air seilbheachd nar daoinse is bun-structair; a’ cur ri innealachdas, rannsachadh agus leasachadh; a’ brosnachadh às com-pàrteach agus a’ cur na Gàidhealtachd is nan Eilean air an árd-urlar eadar-nàiseanta ach an tèid barrachd malairt agus airgead in-seilbh a thairreann a-steach. Tha sinn air coimheadh às ur ri ar manaisdeachd cuinntasal mar sàr ghòreas airson às tro com-pàrteachas an co-thaiceal leis na buîdhnean ris na tha sinn a’ dèileagadh; ge bith ar an e companaidhean, iomairtean sòisealta no coinntaisnachd a th’ anna. Thig buannachd an dòra as an iomairt seo thar nam bliadhna air ri teaghd.

Tha sinn a’ coileanadh ar n-àrd-amais chum a’ Ghàidhealtachd is nan Eilean a dheanann na sgire dhidseateach, le bann-leathann fir luath gu bhithe ri fháithinn aig 84% de thogalaitheach ro dhireadh 2016 – ceithir uiread na bhíodh air a fhágthinn tron mhargaidh choimearsalta. 'S fhiach cuimhneachadh cuideachadh gu bheil sreath de dh’iomairtean gan cur air doigh gu aire a tharraigh nam buannachd an luib adhartasan teicniceach dha’ comanadh a’ Ghàidhealtachd is nan Eilean as tachadh gu bhith ann airson innealan làimhe. Tha sinn a’ coileanadh ar n-àrd-amais chum a’ Ghàidhealtachd is nan Eilean a dheanann na sgire dhidseateach, le bann-leathann fir luath gu bhithe ri fháithinn aig 84% de thogalaitheach ro dhireadh 2016 – ceithir uiread na bhíodh air a fhágthinn tron mhargaidh choimearsalta. 'S fhiach cuimhneachadh cuideachadh gu bheil sreath de dh’iomairtean gan cur air doigh gu aire a tharraigh nam buannachd an luib adhartasan teicniceach dha’ comanadh a’ Ghàidhealtachd is nan Eilean as tachadh gu bhith ann airson innealan làimhe. Tha sinn a’ coileanadh ar n-àrd-amais chum a’ Ghàidhealtachd is nan Eilean a dheanann na sgire dhidseateach, le bann-leathann fir luath gu bhithe ri fháithinn aig 84% de thogalaitheach ro dhireadh 2016 – ceithir uiread na bhíodh air a fhágthinn tron mhargaidh choimearsalta. 'S fhiach cuimhneachadh cuideachadh gu bheil sreath de dh’iomairtean gan cur air doigh gu aire a tharraigh nam buannachd an luib adhartasan teicniceach dha’ comanadh a’ Ghàidhealtachd is nan Eilean as tachadh gu bhith ann airson innealan làimhe. Tha sinn a’ coileanadh ar n-àrd-amais chum a’ Ghàidhealtachd is nan Eilean a dheanann na sgire dhidseateach, le bann-leathann fir luath gu bhithe ri fháithinn aig 84% de thogalaitheach ro dhireadh 2016 – ceithir uiread na bhíodh air a fhágthinn tron mhargaidh choimearsalta. 'S fhiach cuimhneachadh cuideachadh gu bheil sreath de dh’iomairtean gan cur air doigh gu aire a tharraigh nam buannachd an luib adhartasan teicniceach dha’ comanadh a’ Ghàidhealtachd is nan Eilean as tachadh gu bhith ann airson innealan làimhe. Tha sinn a’ coileanadh ar n-àrd-amais chum a’ Ghàidhealtachd is nan Eilean a dheanann na sgire dhidseateach, le bann-leathann fir luath gu bhithe ri fháithinn aig 84% de thogalaitheach ro dhireadh 2016 – ceithir uiread na bhíodh air a fhágthinn tron mhargaidh choimearsalta. 'S fhiach cuimhneachadh cuideachadh gu bheil sreath de dh’iomairtean gan cur air doigh gu aire a tharraigh nam buannachd an luib adhartasan teicniceach dha’ comanadh a’ Ghàidhealtachd is nan Eilean as tachadh gu bhith ann airson innealan làimhe.

Broadband Scotland and our innovative entrepreneurship development programme in partnership with Massachusetts Institute of Technology.

We have refined our approach to account management as a key tool for accelerating growth through strong and mutually beneficial relationships with our customers, whether these are businesses, social enterprises or communities.

Our ambition to establish the Highlands and Islands as a digital region is becoming reality, with next generation broadband on course to be available to 84% of premises by the end of 2016 – four times the total which would have benefited from a purely commercial rollout. Crucially, we are also delivering a range of initiatives to raise awareness of the extraordinary benefits digital will bring to our businesses, social enterprises and communities, and to stimulate demand.

We are increasingly active on the national stage, delivering projects which directly affect the whole of Scotland, including Wave Energy Scotland, the Scottish Land Fund, Community  
INTRODUCTION

The Highlands and Islands of Scotland is a spectacular and diverse region, covering more than half of the country including over 90 inhabited islands. It enjoys a rich history and culture, a healthy economy, a growing population, expanding workforce, and is benefiting from unprecedented investment.

As a Scottish Government agency, HIE’s role is to lead regional growth and development, to seek investment opportunities that will be a catalyst for change, and to ensure that the Highlands and Islands derives maximum benefit from existing and emerging opportunities. Working with partners, stakeholders, businesses and communities, we have improved the region’s competitiveness and tackled the inequalities associated with sparsity, peripherality and the historically narrow economic base.

Recent decades have seen significant change in a number of areas. However, challenges remain in some parts of the Highlands and Islands.

This three-year operating plan describes HIE’s purpose, vision and priorities and sets out the actions which we will take to build our region’s future. It also illustrates how the strands of Scotland’s Economic Strategy (SES) – innovation, internationalisation, inclusive growth and investment – are woven through all of our activities.

OUR PURPOSE
As the Scottish Government’s economic and community development agency for the north and west of Scotland, HIE’s purpose is to generate sustainable and inclusive economic growth across the Highlands and Islands.

OUR VISION
We want the Highlands and Islands to be a highly successful and competitive region in which increasing numbers of people choose to live, work, study and invest.

OUR 2020 AMBITIONS FOR THE HIGHLANDS AND ISLANDS
We will pursue a number of long term ambitions and, by 2020, aim to see a Highlands and Islands that is:

- A world-class digital region
- An international centre for marine renewables
- Home to more growth businesses operating in international markets
- Recognised internationally for digital healthcare and marine science expertise
- Characterised by dynamic, sustainable communities
- A globally-connected region
- An attractive region for young people

OUR PRIORITIES
Supporting businesses and social enterprises to shape and realise their growth aspirations

- Strengthening communities and fragile areas
- Developing growth sectors, particularly distinctive regional opportunities
- Creating the conditions for a competitive and low-carbon region
BUILDING OUR FUTURE

SUPPORTING BUSINESSES AND SOCIAL ENTERPRISES TO SHAPE AND REALISE THEIR GROWTH ASPIRATIONS

Stimulating growth and fostering ambition with the businesses and social enterprises that operate across the region lies at the heart of HIE’s remit. Growth businesses create employment opportunities and attract people and investment into the region. Social enterprises do likewise and play a key role in our most rural areas, bringing both economic and community benefit.

Through account management, we provide bespoke solutions and a wide range of support, including access to national and international services and expertise. In addition we will work with public sector partners to create a common digital platform, ‘mygov.scot’ improving access to information, knowledge and intelligence supporting business growth.

We will focus our efforts on organisations that aspire to grow and develop, helping to improve their competitiveness and productivity, leading to an increase in their turnover, the size of their workforce, their appetite for innovation, research and development, and increasing activity in international markets.

Working with existing exporters, as well as helping others to export for the first time, will be central to our efforts. A core element of this work will be to support the implementation of the Scottish Government’s Manufacturing Action Plan – boosting productivity and international competitiveness through investments in capital equipment, leadership, workforce skills, energy efficiency and innovation. These interventions will help create more higher value jobs, helping address regional disparities and increase the contribution the Highlands and Islands economy makes to Scotland as a whole.

We plan to enhance our support to businesses, with increased focus on issues that directly affect productivity. We will also increase efforts to encourage the adoption of modern business practices as a core component of the Business Pledge.

LEADERSHIP AND ENTREPRENEURSHIP

Our support for leadership development will reach further than it has before, from introductory training, to advanced, selective cohorts drawing on international experience. Our investment in business leaders will increase their capability and appetite for accelerated growth. We will offer bespoke mentoring support to emerging and experienced leaders, alongside formal leadership training designed to make the greatest difference in leadership performance in a short time. The focus on women in leadership will continue, as we seek to increase the number of women emerging as business leaders, and contribute to the Women in Enterprise Action Framework.

Our Entrepreneurship Programme will have a dual focus, firstly on businesses and social enterprises that have benefited from previous training with the Massachusetts Institute of Technology (MIT). Using our strategic partnership with MIT and other world leading institutions, we will concentrate on the technical and knowledge challenges faced as these entrepreneurs scale up their growth, reaching into new markets, building teams and managing risk.

Secondly, we will widen our approach to enable increasing numbers of entrepreneurs to benefit from world leading expertise, spreading a culture of ambitious entrepreneurship and the CAN DO approach across the Highlands and Islands. Our partnership with Scottish Enterprise and the Scottish Funding Council will support the delivery of the Scotland Can Do SCALE programme to hundreds of entrepreneurs in the region using digital technology.

INTERNATIONAL TRADE AND INVESTMENT

Businesses that trade internationally grow faster, are more productive and more innovative than those that concentrate on a purely domestic market. HIE’s focus will be to broaden the base of exporters from the region and to deepen the relationship we have with
existing exporters who have the potential to extend their reach into new overseas markets or develop their products to better meet the needs of international consumers.

We will reach more businesses by a sustained campaign of events and engagement across the region to encourage more businesses to participate in international trade. We will intensify our relationship with existing investors by developing with them bespoke strategies and plans to grow their international sales. This will be achieved through providing advice on key global prospects, and practical support to help businesses innovate and pursue emerging opportunities.

Working with Scottish Development International (SDI) and Business Gateway, we will make best use of digital technologies to reach more prospective clients and encourage more businesses to consider trading internationally. The Scottish Government’s ‘mygov.scot’ initiative will have a particular focus on supporting international trade.

We will develop proposition material to attract investors to sites across the region. Enterprise Areas, and sites such as the European Marine Science Park in Argyll have the potential to facilitate the transformation of surrounding communities. Through targeted marketing we will seek to find tenants and investors with the resources and ambition to establish new growth businesses across the region.

In addition, we will work closely with those international firms that already have a presence in the region and take steps to encourage expansion.

Working with Scottish Government and other partners we will seek to capitalise on the new opportunities for international trade, innovation and cross-border collaboration that will emerge from the establishment of Innovation and Investment Hubs in Dublin, London and Brussels.

**SALES AND MARKETING**

As a business grows, a strategic approach to sales and using customer feedback as a source of innovation becomes vital. We will provide a series of masterclasses covering the sales and customer feedback process for businesses at each stage of their growth journey. We will build on practical experience, insights and best practice to enable businesses in the Highlands and Islands to compete, innovate and succeed in UK and international markets.

**INNOVATION**

As the Scottish Government’s innovation agency for the Highlands and Islands, we will use a range of diagnostic tools, products and services to stimulate greater levels of business R&D and close-to-market innovation, improving business productivity and competitiveness.

Our widely recognised *Innovate Your Business* service will provide specialist innovation grants and support for all businesses and social enterprises in the region who are seeking to commercialise new ideas, to collaborate with partners to solve business challenges, or to improve their processes. We will simplify innovation support for businesses by providing a single point of contact with HIE, and draw in further expertise as required.

We will provide a dedicated innovation service through account management, working extensively with the most ambitious businesses and social enterprises in key sectors. We will build case study material, available digitally, to demonstrate the benefits of innovating in all sectors and support Scotland’s Year of Innovation, Architecture and Design 2016.

We engage directly with the network of Innovation Centres that has been established across Scotland, seeking opportunities for our clients to contribute to and benefit from the commercialisation of cutting edge research.

With support from HIE, Interface will deliver an enhanced service in our region, offering longer term capacity for small businesses to enable them to collaborate further with universities and move closer to exploiting research outputs. Our strategic partnerships with MIT and Glasgow School of Art offer innovative new knowledge and networks to organisations across our region.

In partnership with the Scottish Centre for Employment Research at Strathclyde University, we will pilot a new approach to supporting businesses in creating fair, innovative and transformative workplaces.

Our ScotGrad graduate placement programme will bring additional innovation

---

**INNOVATION**

Innovation is a fundamental driver of business competitiveness. Its importance is set out in Scotland CAN DO, the national framework for innovation, and emphasised in Scotland’s Economic Strategy. We will develop an innovation strand to our work with all account managed clients. Innovation takes many forms, from new products and services to changes in workplace design and practice. HIE’s enhanced support for innovation will ensure the most appropriate resources are made available to maximise innovation activity. In particular we will:

- Provide a range of products and services to encourage innovation and R&D, including advice, diagnostic tools, innovation grants, Scottish Manufacturing Advisory Service, graduate and knowledge exchange placements.
- Ensure Highlands and Islands organisations benefit from national innovation resources through facilitating access to universities, Innovation Centres, Interface, Innovate UK, Catapults, Enterprise Europe Network and others.
- Support innovation through our Community Account Management programme.
- Promote the uptake of superfast broadband and the business opportunities which enhanced digital connectivity brings.
- Stimulate sectoral innovation, e.g. in marine energy through Wave Energy Scotland, new start technology business through our Accelerator programme, our Digital Tourism initiative and the National Water Innovation Service.
- Provide access to leading entrepreneurship education through our strategic relationship with MIT and innovation expertise through our Creative Futures Partnership with the Glasgow School of Art.
- Invest in infrastructure such as Inverness Campus, European Marine Science Park, Enterprise Park Forres.
- Promote a culture of innovation across the wider business base through our *Innovate your Business* programme.
- Contribute to the ministerial-led Innovation Forum and International Innovation and Investment Hubs.
capacity into business and social enterprises, speeding up their ability to bring new products and services to market, transform workplace practices and introduce technology into business processes.

We will contribute to the delivery of the Scottish Manufacturing Action Plan, with a focus on key actions which improve competitiveness. We will ensure organisations can benefit from national innovation resources through Scotland’s innovation centres, services provided by Innovate UK, and in the Enterprise Europe Network.

Our Pathfinder Accelerator, in partnership with Biocity, provides intensive innovation and entrepreneurship support to selected cohorts of life sciences and technology businesses which have the potential to grow rapidly. We will support sector innovation through initiatives relevant to regional strengths, for example through Wave Energy Scotland and the National Water Innovation Service.

HIE will contribute to the Innovation Forum led by the Deputy First Minister and take forward actions which lead to a transformation in the number and growth of innovation-active businesses in Scotland.

DIGITAL OPPORTUNITIES

The use and adoption of digital technology is an essential element in increasing productivity and important in ensuring businesses and social enterprises in peripheral communities are able to access wider markets and trade internationally. We will help deliver Scotland’s Digital Boost and build on sector initiatives which accelerate the adoption of digital technology, for example in tourism, creative industries and manufacturing.

We will ensure account managed businesses and social enterprises optimise their business models to take advantage of digital connectivity, and provide specialist advice, digital health checks, workshops on relevant topics and a digital innovation grant scheme.

We will support businesses to develop their cyber-resilience, protecting IPR and customer data from online threats, while we are launching the first Digital Scotland demonstration centre, #helloworld, at Inverness Campus.

We will also adopt digital technologies to position HIE itself at the forefront of the collaborative delivery of public services in Scotland.

ACCESS TO FINANCE

We maintain strong relationships with the major banks, and have developed links to second tier and alternative funders, aimed at improving mutual understanding and facilitating more successful funding deals. This approach has been bolstered with bank secondees to HIE helping develop processes for joint working and information sharing where HIE and funders have mutual clients.

HIE continues to work with Scottish Government and Scottish Enterprise colleagues on the Scottish Business Development Bank, which aims to simplify how businesses find information and funding sources, as well as broadening the support to improve their financial readiness.

We also continue to promote HIE’s own support for businesses and social enterprises, both as a potential source of funding and as a provider of information and advice. Where appropriate, we facilitate access to other funding sources such as the Scottish Investment Bank and local authority loan funds. Investment readiness advice is also available to social investors and banks for our account managed social enterprises.

We will:

- Increase annual turnover in supported businesses by £80-£100m
- Support the creation/retention of 700-900 FTE jobs per annum
- Stimulate growth across the Highlands and Islands through intensive innovation support to individual companies
- Promote the Scottish Business Pledge and work with clients to encourage its adoption
- Facilitate closer engagement with the network of Scottish Innovation Centres, pursuing opportunities for commercialisation of research and development
- Deliver quality leadership and entrepreneurship programmes to businesses and social enterprises
- Continue to encourage early stage exporters as well as promoting intensive growth through international trade for key companies
- Implement recommendations of the Scottish Manufacturing Action Plan to support investment and development across the Highlands and Islands
- Optimise the benefits of superfast broadband and enhance the sales and marketing expertise of organisations across the region
Building Our Future

Strengthening Communities and Fragile Areas

The Highlands and Islands is recognised as a region in which communities take responsibility for shaping their future, where social enterprise as a sector is innovative, strong and growing, where community asset ownership and service delivery are well established and supported, and where unique cultural assets, including Gaelic, play a significant role in creating vibrant, strong, inclusive communities.

Supporting communities to develop and grow is a central focus for our organisation. Our approach to strengthening communities is threefold: we invest in building community capacity and confidence, empowering communities to acquire, manage and exploit community assets for community benefit, and enable sustainable growth in the social economy through strong social enterprises.

Given the dispersed settlement pattern across the region, the wider impacts of our interventions are often quite geographically limited. In order to maximise growth potential we need to work intensively in a large number of communities to generate impact and address the economic and community disparities that are evident across the region.

Our support to address the challenges of fragile communities will harness all of HIE’s powers and programmes to bring about increased prosperity and improve quality of life in some of the most peripheral parts of the region. We will support communities to grow and develop, investing in infrastructure, community capacity and the business base to create jobs and provide innovative ways for people to access services.

The broad remit and extensive reach HIE has across the region means we are well placed to deliver programmes on behalf of other organisations, including the Scottish Government. In addition to our core investments in the region we deliver programmes such as Community Broadband Scotland and the Scottish Land Fund across Scotland and play a role in Scotland’s Rural Parliament. Collectively, these programmes underpin the ability of our most remote communities to develop, grow and participate more fully in Scottish society.

Understanding the demographic imperative across Scotland to support and engage our young people, we will focus on the broad economic, lifestyle, academic and cultural opportunities of our region. We recognise the need to create the conditions which will help attract and retain more young people to contribute to our economy and society, both now and in the future.

Community-led Development

Building the capacity of communities within our region is central to our work. Our primary and well established method through which to do this is community account management. In conjunction with our Community Planning Partners, and wider national partners, our long term aim is to enable communities to rebalance their demographics and grow resilient, inclusive economies. We will make our capacity building expertise, and that of national community enterprise organisations, more accessible to communities as they embark on development plans.

We will significantly enhance the capacity of communities and the delivery of community-led revenue earning projects through our Community Capacity Building programme. The programme will enable account managed communities to deliver community benefit, generate new income streams, prioritise crofting development projects and support innovative social enterprises to grow, developing the capacity necessary to increase their social impact. Our work with partners to explore best practice in the diversification of crofting assets will maximise community development opportunities.

Community Land and Asset Ownership

Community asset ownership is an essential component of our work to support resilient rural communities. Assets provide a base from which to generate income, deliver services, stimulate development, and grow confidence and ambition. We will tailor our support to match the needs of communities from initial idea, through the acquisition process, and on to sustainable development.

A strong focus on community enterprise underpins our work to ensure ongoing delivery of social and economic impacts – particularly in the most fragile communities. Working with partners, we will explore how best to support communities to maximise opportunities arising from the Community Empowerment (Scotland) Act and land reform legislation and will lead on the development of innovative funding arrangements to increase private investment in community led projects.

Our region is recognised as a leader in community energy ownership and innovation. We will build on the strong platform of investment made in recent years to ensure we maximise the number of communities who can benefit from community-owned renewable energy projects and support them to participate in commercial renewable energy developments. An important aspect will be our partnership with Scottish Government in the Community and Renewable Energy Scheme (CARES). We will work with our partners to deliver the Low Carbon Infrastructure Transition Programme to support communities and private sector businesses to work collaboratively to develop innovative approaches to energy generation and usage.
COMMUNITY BROADBAND SCOTLAND

Community Broadband Scotland (CBS), delivered by HIE, is enabling some of Scotland’s most remote, rural and fragile communities to access digital connectivity with the potential to transform the way people live, learn and work. CBS’s focus is on residential and business premises in communities which are least likely to benefit from the main superfast broadband roll out programmes. We will support solutions to establish connections by providing expert advice, acting as an aggregator of demand and providing capital funding grants to ensure that all of Scotland has access to next generation broadband speeds, delivered sustainably and affordably. The roll-out of this essential new community asset will support digital inclusion, create new opportunities for innovative communities to interact and develop business and opportunities not previously possible in fragile areas.

SOCIAL ENTERPRISE

The social enterprise sector is critical to the economy and society of the Highlands and Islands, and this business model is chosen by many of our region’s most innovative entrepreneurs. This sector makes an important contribution to the inclusive growth agenda through the creation of valuable jobs and social impacts in fragile communities. We invest through direct support, tailored products and services, account management and capital investment. We also provide support so that the leadership and business dimensions of the sector can be strengthened, in turn supporting increased capacity, development, organisational growth and social impact. Communities across the region and social enterprises in particular are intrinsically innovative. We will continue to support and encourage innovation to stimulate new economic activity and increased social impacts. We will also enhance our model for account management of social and community enterprises and explore new approaches to financing and funding models. We will work with the Social Enterprise Academy to deliver the Hi Social Enterprise in Schools programme, which gives every

INCLUSIVE GROWTH

Scotland’s Economic Strategy highlights the mutual importance of developing a competitive economy and addressing inequalities. This twin focus fits well with HIE’s distinctive remit as an economic and community development agency. We will work to promote inclusive growth in a number of ways including:

- Our Strengthening Communities remit has as its core, addressing some of the challenges of the most remote and fragile parts of our region. Our Community Account Management programme will provide a range of support to communities and we will invest in projects which enable growth and tackle fragility.
- We will promote the Scottish Business Pledge to organisations that we support.
- We will empower communities through community asset ownership to lead their own development and become increasingly enterprising.
- In many parts of the region social enterprises provide valuable employment and the delivery of local services. Social enterprise will continue to be a key focus of our support.
- We will support young people through providing graduate placement opportunities with organisations across the region and through implementing Scotland’s Youth Employment Strategy.
- Working with partners and listening to communities to address the challenges of living in remote areas.
- Continue the rollout of superfast broadband and community broadband solutions, thereby providing digital connectivity and opening up opportunities for geographically remote areas.
- With partners, strengthen cultural development opportunities for young people, both academic and vocational, in traditional music, Gaelic, crofting and cultural enterprise.
- Support the development of the University of the Highlands and Islands in providing local access to higher education.
- Mainstream equality considerations in HIE programmes, and support increased participation of women in leadership programmes.
school in the region the opportunity to develop a social business, while stimulating entrepreneurship and raising awareness of social enterprise activities in local areas.

Working with the Scottish Government and lead third sector bodies, we will enable social enterprise to have a greater role in the design and delivery of public services. We will implement a three year work programme developed following completion of the Social Enterprise Census in 2015.

CULTURE

HIE’s Ambitious for Culture Policy informs our work in this cross cutting area. It brings together our sectoral work on creative industries, food and drink, and tourism, with our work to enhance the use of Gaelic as an asset – influencing national planning, support for crofting community development, as well as other community-led cultural activities which enhance participation and the attractiveness of our region. We will continue to support the development of crofting skills and capacity.

Drawing on the support of sector partners, including Creative Scotland, we will consolidate our Collaborative Creative Communities programme to ensure the benefits of our investments are fully realised, facilitating the resilience of the support networks for developing cultural enterprises.

We will work with partners to maximise the social and economic contribution of Gaelic to the economy, the key thrust of HIE’s Gaelic Plan 2016-21. We will seek to identify and develop strategic cultural projects with the potential to generate significant new economic and social impacts particularly in un-serviced remote rural parts of the region.

We will:

- Deliver an annual increase in turnover in the social economy of £3.0-4.5m
- Support 40-60 new/improved services and income generating assets delivered by assisted communities
- Support land asset purchases bringing further acreage into community ownership
- Support investment in community assets to deliver income generating opportunities including renewable energy
- Ensure communities across remote rural Scotland have access to next generation broadband
- Support social entrepreneurs to further develop leadership and business skills
- Support crofting communities to implement growth and diversification plans
- Maximise the economic and social impacts of the Gaelic language
- Identify and develop strategic cultural projects with the potential to generate significant new economic and social impacts
DEVELOPING GROWTH SECTORS, PARTICULARLY DISTINCTIVE REGIONAL OPPORTUNITIES

The region’s natural assets, ambition, skills base and cultural background provide a range of opportunities to develop a vibrant sectoral economy. Capitalising on this asset base to create opportunities for growth and prosperity will help tackle inequalities and build a more competitive, resilient region.

We will focus our growth efforts on the sectors identified in Scotland’s Economic Strategy: energy, life sciences, food and drink, creative industries, tourism, and financial and business services. HIE provides sectoral support through a range of interventions, principally: direct support to businesses and social enterprises, specialist programmes and interventions to create the conditions for strong sectoral growth, and influencing sectoral and public policy within Scotland, the UK and Europe.

An essential component of our sectoral development is the close working relationship we have with key partners including the Scottish Government, Scottish Enterprise, Scottish Development International, VisitScotland, Skills Development Scotland, Scottish Funding Council, Creative Scotland, industry leadership groups, local authorities and the NHS.

We will support the implementation of the Scottish Government’s Manufacturing Action Plan through targeted interventions with clients who have the potential to innovate, improve productivity, increase efficiency and extend their reach into international markets.

ENERGY

The energy sector in the Highlands and Islands includes important components of the oil and gas supply chain, an expanding renewable energy sector and a growing involvement in oil and gas decommissioning. Changes to the policy of support for renewable energy introduced by the UK Government will impact on the way in which onshore wind in particular develops in the coming years. The drive to develop a more distributed electricity network will stimulate new, smaller scale generation and storage projects across the country.

The port and harbour infrastructure across the region is well placed to attract new business developments with a particular focus on oil and gas fabrication and decommissioning work, the installation of offshore wind projects in the Moray Firth, and tidal projects in the Pentland Firth. Support to develop the operation and maintenance supply chain to service new offshore energy developments will maximise the local economic benefits from these large scale projects.

We will maintain and grow the position of the Highlands and Islands as an international centre for marine renewables such as offshore wind, wave and tidal. This will build on the region’s natural resources, the global reputation of the European Marine Energy Centre (EMEC), and the opportunities being generated from the installation of the tidal array projects in Caithness and Sutherland. In addition to supporting ambitious local businesses, we will utilise Enterprise Area benefits, and those sites identified in the National Renewables Infrastructure Plan (NRIP), to attract inward investment.

Wave Energy Scotland is leading on the procurement of collaborative innovative projects to accelerate the development of wave technologies, and we will work to maximise its impact in the region. We will support the development of knowledge networks, academic research and education, and work with Skills Development Scotland and the Scottish Funding Council to ensure that the opportunities presented by this sector can be supported by skills provision.

The sustained low price of oil is impacting on investment choices. We will work with the Highlands and Islands Oil and Gas Taskforce and the Energy Jobs Taskforce to help the sector adapt to the new operating environment and play an enhanced role in supporting the delivery of Maximising Economic Recovery (MER) UK. In particular

Specialist high performance batteries designed and manufactured by Denchi Power, Caithness
we will support innovation and collaboration, and seek opportunities for expansion in international markets.

**LIFE SCIENCES**

Our ambition and commitment to growing the life sciences sector will be delivered through new initiatives, attracting inward investment, capitalising on international opportunities, accelerating growth of existing business and stimulating new company set ups to support the creation of high value jobs:

We will develop our Pathfinder Accelerator initiative which provides expert help and intensive coaching for early stage projects and businesses working in life sciences and technology. Pathfinder’s location at the Centre for Health Science, Inverness, benefits from the collaborative environment housed in world class infrastructure. The programme invests in building the skills and business approach of entrepreneurs, which transcends beyond the 24 week term. The drive and focus of the Pathfinder leads the teamstowards external investment and creation of a scalable, sustainable and commercial business.

We will deliver a Smarter Communities initiative which will establish an “at scale sandpit” for testing innovative technology and services that support a more holistic management of health, care and social challenges in rural areas. An aspiration is to create a technology platform leading to stronger, more resilient communities. During 2015-16, the concept was developed with input from NHS, academia, third sector, business (global and SMEs) and an exemplar project delivered. Using the region’s new digital infrastructure, the project supports the change to embedding technology in a way that enhances the quality of care and enables health and social care to be delivered at a distance. Success will result in the creation of jobs and growth in the life sciences and technology sector across the Highlands and Islands and have a positive impact for rural communities.

We will scope and develop a Marine BioProcessing Centre (MBC) initiative. In the marine (blue biotechnology) sector, the Highlands and Islands has a unique offering and we will lead on the Scottish proposition for blue biotech and natural products. Activities will raise the profile of the Scottish Association of Marine Science and seek to attract investors to the developing European Marine Science Park (EMSP) cluster. An MBC in Scotland will have a direct impact on the level of innovation and entrepreneurship across the marine biotechnology ecosystem and the commercialisation of research and development.

Working with UHI we will progress the development of a UHI School of Health with a particular focus on research-related activity that can help attract inward investment, capitalising on the region’s distinctive comparative advantages.

**FOOD AND DRINK**

We are committed to growing the food and drink sector to £16.5 billion turnover by 2017 and ensuring Scotland is globally recognised as a ‘Land of food and drink’. Our focus on premium, provenance, sustainability and good health credentials will contribute to this aspiration! We will promote opportunities at locations including the Alexander Graham Bell Centre, Elgin; EMSP, and Inverness Campus.

We will encourage robust environmental stewardship by supporting industry and regulatory bodies to innovative and develop co-operative practices and policies which will ensure economic growth in the food and drink sector is underpinned by sustainable development and a circular economy.

We will contribute to the development of national policy on skills investment by inputting to a refresh of the food and drink skills investment plan. We will strive to ensure that training affords opportunities for all to flourish across our region, and that skills investment encourages a culture of entrepreneurship, innovation and internationalisation.
CREATIVE INDUSTRIES

Creative industries has been a particular strength in the Highlands and Islands, with businesses successfully competing in global markets and raising the region’s profile as an exemplar for the successful development of the creative economy in rural regions, and for the support offered to emerging and established creative entrepreneurs to build dynamic, innovative, sustainable and competitive businesses.

HIE will continue to provide support to the sector, through account management and also through the flexibility of the Industry Network model. These networks provide specialised knowledge and support to creative businesses particularly those working in screen and broadcast, music, writing and publishing, textiles, designer fashion, crafts, design and digital media.

The new Design Network being developed and delivered as a partnership between HIE and Glasgow School of Art, will become increasingly important. Although only recently established, it has attracted interest across the region and has already developed new international partnerships.

Design will also become an important part of our business to business conference and showcase, XpoNorth. Having established itself as Scotland’s leading creative industries event, it has encouraged opportunities for direct new business, and greater collaboration and links across the breadth of creative industries.

Collaboration will remain vital as we continue to develop the range of international partners we work with, and maintain partnerships with Skills Development Scotland, Creative Scotland, Scottish Development International and others.

Technology is transforming creative businesses model, products and services, and in facilitating access to new markets. We will seek to maximise the opportunities high speed digital connectivity offers, and in particular will look at cross-media working and encouraging new creative collaborations. This approach needs to be customer centric, allowing customers greater engagement in the planning and production process, creating new types of products and services, increased exploitation of intellectual property and new revenue streams.

We will focus on maximising the benefits of existing assets in the region including MG Alba and the Stornoway studio and also the existing network of venues spread throughout the region. We will also work with communities encouraging innovation and creative skills to help make physical assets such as heritage centres more sustainable.

Youth employment will be an important element of our activity, with support now available in the region to take a potential creative entrepreneur from school age, through to an international career.

TOURISM

We want to build a more competitive tourism economy, where collaboration is widely used to create growth by improving the visitor experience and by better accessing our strongest market opportunities. HIE will enhance the industry’s growth ambition in a highly competitive world our businesses and sectors need to be able to measure up against the very best and to identify and pursue growth opportunities around the globe. At the same time it is important that an international profile of the region as a highly attractive place for businesses and people to locate and develop is actively promoted. Our ‘International Highlands and Islands’ initiative will bring an enhanced focus to the work of creating greater global ambition and will be informed as Scotland’s new International Framework is developed. We will:

- Provide an extensive range of internationalisation support for businesses, whether existing, new or potential exporters
- Assist organisations to attend international trade shows and exhibitions, particularly associated with our priority sectors and provision of international marketing events and country opportunity awareness seminars.

INTERNATIONALISATION

In a highly competitive world our businesses and sectors need to be able to measure up against the very best and to identify and pursue growth opportunities around the globe. At the same time it is important that an international profile of the region as a highly attractive place for businesses and people to locate and develop is actively promoted. Our ‘International Highlands and Islands’ initiative will bring an enhanced focus to the work of creating greater global ambition and will be informed as Scotland’s new International Framework is developed. We will:

- Maximise the resources available through our partnership with SDI and UKTI, including access to SDI’s in-market staff in 29 offices in 17 countries around the world.
- Encourage the formation of innovative exporting mechanisms such as our Food and Drink Collaboration initiative for small scale premium producers.
- Raise the profile of the region, its distinctive attributes and opportunities on the international stage.
- Seek to attract inward investment which complements our existing company base and creates new employment.
- Capitalise on the opportunity presented by improved links with international hub airports
- Encourage the internationalisation of the universities sector, both through overseas teaching and research opportunities and growing an international student cohort in the region.
We will continue to provide one-to-one support for many tourism businesses to help take forward their ambitious plans for international trade, innovation and investment through account management. We believe that the tourism sector provides a unique shop window for the Highlands and Islands, building a vibrant identity which attracts people visiting to live, work, study and invest.

**FINANCIAL AND BUSINESS SERVICES**

A number of the world’s leading business services providers have a presence in the Highlands and islands, including Atos, Cap Gemini and Vertex. Working with these businesses to understand global trends in the sector and their underlying drivers will be a core component of our work to respond to opportunities.

Existing operators will be supported to sustain growth and attract additional investment. Working with SDI we will seek to attract new investors to locate their operations in the region, capitalising on the advantages offered by a loyal workforce and an established skills base. In addition, we will build on research undertaken with SE and SDI to identify and target key prospects in the global business services and shared services sectors as well as companies employing homeworking as part of their delivery strategy.

We will also investigate opportunities presented by the increasing focus on more technology based solutions, social media contact and data analytics in the business services sector as well as the growing ICT and digital technologies sector in the region.

We will work with partners as part of the Digital Scotland Business Excellence Partnership (DSBEP) skills group to increase the skills infrastructure within the region especially for Digital and ICT skills which are essential for attracting and retaining higher value specialist roles.

In the coming years, a number of pilot initiatives currently underway will be evaluated and a delivery model will be developed with partners to respond to the skills needs of employers and increase the number of work ready IT professionals entering the labour market. Some of these measures will take a long term approach to building a skills pipeline across all levels from school to modern apprenticeships and further and higher education.

Homeworking continues to offer opportunities to diversity the sector and, building on the rollout of next generation broadband, create employment in some of our more remote and dispersed communities. We are working with SDI to showcase regional strengths to attract additional site based operations as well opportunities for homeworking.

---

We will:

- Support the further development of a world class energy sector
- Maximise the region’s expertise in medical diagnostics, digital healthcare and natural products
- Support an increase in the number of export active food and drink companies and increase the overall value of exports from the region
- Develop niche tourism opportunities and higher value opportunities, products and experiences
- Lever the region’s reputation as a business services location to attract further investment and higher value activities
- Implement an ambitious regional strategy for the creative industries sector
- Pursue inward investment opportunities across all sectors
CREATING THE CONDITIONS FOR A COMPETITIVE AND LOW CARBON REGION

HIE plays a leading role in developing the conditions that will enable the Highlands and Islands to be a globally competitive region. Modern telecommunications, serviced sites and premises, good transport connections and university education are essential components of a successful region.

We will give top priority to digital connectivity and the creation of a digital region. However, physical transport connections are also essential, both within and for access to and from the region. We will work with transport authorities to inform and influence decisions that affect the region, such as ferry services, road and rail improvements and air route development, which is an important aspect of developing greater global ambition.

The University of the Highlands and Islands (UHI) provides local access to higher education. It is an essential component of the region’s attractiveness and to the realisation of many of our economic opportunities. We will continue our partnership with UHI, and with other academic institutions, supporting investment in skills to promote a high skill, high wage economy.

While European Structural and Investment funds remain a valuable source of finance for regional projects, increased effort will be targeted at accessing and deploying new European funding programmes. Competitive funding opportunities through Horizon 2020 and the INTERREG programmes will be pursued to support the development of priority projects across the region – particularly in areas where we have a comparative advantage such as remote / rural healthcare, marine science and renewable energy.

CREATING A WORLD-CLASS DIGITAL REGION

High speed digital connectivity is an enabler of both economic and community benefits. Superfast, or Next Generation Broadband (NGB) will contribute to business competitiveness, and aid the sustainability and growth of fragile communities, not least by improving remote delivery of public services. It will enable new forms of remote working, enhance education opportunities and lifestyle choices in rural communities creating new high wage opportunities and helping tackle digital exclusion. It will also contribute to sector growth in areas such as digital healthcare, business services, tourism and creative industries.

HIE, in partnership with BT, is leading the largest and most complex broadband deployment project in the UK as part of the Scottish Government’s superfast broadband programme. This will deliver NGB to 84% of premises across the region by December 2016.

We are also working to identify funding and technical solutions that will provide the remaining 16% of premises with the same world class provision by 2020. HIE also delivers Community Broadband Scotland on behalf of Scottish Government to provide digital solutions in harder to reach communities across Scotland.

While installing the infrastructure is essential to long-term competitiveness, equally important will be ensuring that the region maximises the benefits of digital connectivity. Through Digital Boost, we will build on our existing IT engagement activities and provide a range of specialist online and face-to-face support and advice to businesses and communities to enable them to exploit enhanced connectivity while adopting the best cyber resilience principles. We will also establish #hellodigital, the first Digital Scotland demonstrator centre in Inverness to bring the latest technologies to the attention of businesses.

Future investments in digital infrastructure will focus on identifying and implementing innovative solutions to improve the resilience, reach and quality of mobile coverage across the region.

Superscript broadband launch at Embo, Sutherland
INVESTMENT

Attracting and delivering investment which helps drive the growth of businesses, social enterprises and communities across the region is a vital part of HIE’s role. We have a range of investment tools at our own hand and supplement this with investment from other sources including European Funds. Investment covers a broad range of areas important to the prosperity of the region and will include:

- The rollout of superfast broadband through a £146m project across the Highlands and Islands. This is supplemented by further investment through Community Broadband Scotland.
- Provision of financial investment to organisations by way of grant, loan or equity funding.
- The creation of business premises to support growth and inward investment and the development of important sectoral infrastructure such as: ports and harbours to support the competitiveness of the energy sector; the European Marine Science Park near Oban, and Creative Industries centres in Lerwick and Stornoway.
- Exploiting the Enterprise Area designations in the region for life sciences and energy.
- Encouraging the growth of the universities sector, both through the University of the Highlands and Islands and in support of other universities active in the region.
- Support communities to take ownership of land and other assets to underpin their sustainability and growth aspirations.
- Invest in the people and skills needs of the region, in particular through implementation of the Highlands and Islands Regional Skills Investment Plan and the establishment of a regional Science Skills Academy to match the career opportunities and employers’ needs in areas of science, technology, engineering, maths and digital technologies.
- Delivery of a portfolio of Regionally Significant Investment projects which create long-term benefits in terms of the structure of the economy and value created.

A REGION FOR YOUNG PEOPLE

Further population growth across the region will be essential if we are to successfully deliver our long term aspirations. It will be particularly important to address demographic imbalance by attracting an increasing number of young and economically active people to live, work and study here. Interventions to bring about this change will include working with university partners to expand the provision of undergraduate courses and to ensure those courses are aligned with regional opportunities for growth. We will also work at a programme level to encourage and support high growth businesses and social enterprises to employ graduates, through our ScotGrad programme, supporting the development of Scotland’s young workforce through the provision of opportunities to deliver growth projects for Highlands and Islands organisations.

Through the Business Pledge we will encourage participation in Invest in Youth and promote Investors in Young People accreditation. Recognising the growing regional cluster of science based businesses, teaching and research centres, allied to long term career opportunities in sectors such as energy and life sciences, we want to help build a science region.

HIE will create and strengthen knowledge exchange links between universities and businesses and promote opportunities for young people in Science, Technology, Engineering and Mathematics (STEM).

Working with local authorities, UHI and other partners, we are developing a delivery model to maximise the impact of a new Science Skills Academy on the provision of science-based education across the region.

We will work with partners to implement the themes contained within the Highlands and Islands Regional Skills Investment plan – to meet the current and future skills needs of employers, to increase opportunities for young people to study, train and work in the region, and to attract more people into the region to take up employment opportunities.
HIE’s Inverness Campus has created a stunning collaborative environment for business, research and education.

UNIVERSITIES

The region benefits from the presence of seven higher education institutions – the universities of the Highlands and Islands, Aberdeen, Heriot-Watt, Robert Gordon and Stirling, the Glasgow School of Art and Scotland’s Rural College.

Over the last 10 years, development of academic research has been a priority for HIE. For the knowledge based sectors of the regional economy such as life sciences, energy and digital to grow and create more high paying jobs, the region needs to ensure the conditions that support innovation are in place. HIE will work to improve the extent to which businesses and sectors interact with universities, leading to improved, productive relationships that stimulate knowledge exchange, innovation, product development and new business opportunities. Outcomes from this work will directly connect to the realisation of benefits from infrastructure investments across the region, including Inverness Campus and the European Marine Science Park in Argyll. In addition to accelerating business growth and innovation, this work will exploit the emerging potential from investments in broadband connectivity.

A central component of this work will be our engagement with the University of the Highlands and Islands (UHI), an integral part of the region’s academic, teaching and research infrastructure. HIE will work closely with UHI to align investment with the growth opportunities that exist across the region, including promoting the Highlands and Islands as a science region. In particular, we will progress the development of a UHI School of Health, focusing on research-related activity that can help attract new investment into the region. We will also work with all of Scotland’s universities to ensure the expertise required to develop regional opportunities is available, as is evident in our Collaborative Campus work in life sciences, and by utilising the network of Scottish Innovation Centres through which business and academic interactions can be fostered.

The Creative Futures Partnership is our transformation partnership with the Glasgow School of Art. Investment of £10m over the next five years will secure a legacy of creative academic capability in our region and stimulate economic growth.
DEVELOPING LOW CARBON OPPORTUNITIES

Scotland’s ambitious 2020 targets on renewable energy, zero waste and decarbonising transport and heat require concerted activity from private, public and third sector partners to tackle climate change.

HIE is supporting the region’s transition to a low carbon economy through a series of measures, including the development of the renewable energy sector, new clean technologies, innovation in infrastructure and utilities, and investments in digital technology which increase business performance while also reducing the need to travel, impacting on the carbon footprint of the region.

This provides an opportunity to transform resource use and stimulate the growth of a more circular and prosperous economy, so that waste as we know it is designed out of our economy, encouraging innovation in manufacturing, industry and retail.

Through account management, we will support businesses, social enterprises and communities to capitalise on low carbon opportunities in the environmental and clean technology sectors and encourage and support them to maximise efficiency and minimise waste.

HIE is a partner in the Scottish Business Sustainability Partnership, supported by Resource Efficient Scotland (RES), a one stop service where organisations can more easily receive accurate, relevant advice and support on energy and resource efficiency issues affecting their business. As a partner in the National Water Innovation Service and the water strand of the Green Growth Action Plan we will ensure businesses have access to new opportunities and services.

HIE will continue to provide development sites and bespoke premises to support the growth of priority sectors. All developments will aim to meet the highest possible environmental and resource efficiency standards, with BREEAM ‘excellent’ ratings where achievable.

STRATEGIC PROPERTY AND BUSINESS INFRASTRUCTURE

The development of business infrastructure is an important tool in delivering economic growth and shared prosperity across the region. Provision of modern facilities to attract new businesses to the region and support the expansion of existing firms is essential if we are to build on the progress made in recent years, broaden the economic base and ensure we are properly equipped to capitalise on opportunities in growth sectors.

We will look to provide serviced sites and premises to support priority sectors in locations where there is no prospect of the private sector doing so, and to ensure the availability of appropriate business infrastructure to assist economic regeneration. In addition we will identify opportunities to work with the private sector to facilitate the development of key property and infrastructure projects sponsored by third parties.

During the period of this plan we will continue to promote further development at key regional infrastructure sites such as Inverness Campus, European Marine Science Park, Enterprise Park Forres and Arnish Stornoway, to maximise the benefits of designated Enterprise Areas across the region.

We will also seek to identify new opportunities to encourage development in some of our more peripheral and fragile areas in partnership with private sector developers where such opportunities are possible.

We will:

− Roll out superfast broadband to at least 84% of premises across the Highlands and Islands by the end of 2016 and develop solutions and identify funding to extend that coverage to 100% by 2020
− Work with mobile operators and partners to facilitate the extension of mobile coverage in the Highlands and Islands with 4G services.
− Support businesses and communities across the region to capitalise on digital opportunities
− Support account managed clients to adopt low carbon business models and opportunities
− Invest in new business infrastructure and maximise the benefits from existing projects such as Inverness Campus, Enterprise Park Forres and European Marine Science Park, Argyll
− Support the University of the Highlands and Islands and the wider Scottish university sector in contributing to the region’s growth
− Influence the development of transport infrastructure and service provision to support regional competitiveness
− Implement the Highlands and Islands Regional Skills Investment Plan in partnership with national and regional partners
− Promote opportunities for young people, including through graduate placements and science-related developments
− Deliver a range of Regionally Significant Investments (RSIs) that will deliver long term benefits to the region
HIE’s performance framework is derived from the Scottish Government’s National Performance Framework. Our projects, programmes and range of initiatives contribute directly to achievement of the Purpose Targets and National Outcomes. We will refine our performance framework as the National Framework is revised in line with Scotland’s Economic Strategy to ensure it remains focused on the outcomes we achieve and the impact we generate from our activities. Our performance framework is an integral component of the HIE Management System. It captures the activities we deliver, the outputs and outcomes we support, and ultimately how these translate into impact for the region and for Scotland, as illustrated below.

### Outputs

Businesses and social enterprises completing projects which deliver:

- Economic growth
- Employment opportunities
- Internationalisation
- Productivity improvements
- Innovation
- Research and development
- Resource efficiency
- Inward investment
- Financial sustainability
- Environmental clean technologies
- Social impacts

### Outcomes

Forecast increase in turnover
Forecast increase in turnover in the social economy
Forecast jobs created and retained
Increased social participation
Increased community benefit
Enhanced connectivity

**Reduced CO₂ emissions**
ANNUAL MEASURES AND BUDGET

Given the breadth of HIE’s remit, the corresponding outputs and outcomes are many, and distributed between the short and longer term. A measurement framework has been developed from which a subset of measures have been selected to represent progress against the Operating Plan as a whole.

<table>
<thead>
<tr>
<th>ANNUAL MEASURES</th>
<th>RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast increase in turnover by supported businesses (£m/year 3)</td>
<td>80-100</td>
</tr>
<tr>
<td>Forecast increase in international sales by supported businesses (£m/yr 3)*</td>
<td>30-40</td>
</tr>
<tr>
<td>Jobs supported (created/retained FTE) of which are in fragile areas</td>
<td>700-900</td>
</tr>
<tr>
<td>Forecast increase in turnover in the social economy (£m/year 3) of which generated by community-owned assets (£m/yr 3)</td>
<td>3.0-4.5</td>
</tr>
<tr>
<td>New/improved services and income generating assets delivered by assisted communities</td>
<td>40-60</td>
</tr>
</tbody>
</table>

*HIE will deliver this measure in partnership with SDI.

LONGER TERM

In addition to the above programme level out-turns, HIE’s interventions will contribute significantly towards the Scottish Government’s Purpose Targets and the ambitions for productivity, inequality, wellbeing and sustainability set out in Scotland’s Economic Strategy.

These longer term impacts will include: supporting population growth in every part of the region, maintaining the current high level of economic participation rates, tackling inequality through raising average income levels, raising productivity levels across growth sectors, increasing levels of innovation, developing a digital region and reducing emission levels across the region.

Progress towards these longer term impacts will be tracked through monitoring of national statistics, bespoke research such as the Digital Scotland Business Survey, and our in-house research and evaluation plan which seeks to quantify the impact our interventions make on the economy. The findings from evaluations will also be used to inform our future investment plans.

We will work closely with local authorities and others to improve reporting through Community Planning Partnerships, ensuring clearer linkages between identified priorities to tackle inequality and improve competitiveness, and action taken by the public sector.

TRACKING PROGRESS

The high-level measures have been selected to represent progress against what is a broad and holistic strategy. These measures relate only to HIE support to third party applicants and do not capture the full breadth of impact the organisation has on regional development. Extending our reporting efforts to tracking a broader range of measures can help inform policy and improve understanding of where and how interventions are making a difference.

In addition to reporting on progress towards the measures published in this plan we will also report periodically against indicators which relate directly to the areas of increased emphasis within Scotland’s Economic Strategy, for example:

- Internationalisation activities
- Innovation and R&D activities
- Superfast broadband coverage and use
- Improved working practices
- Opportunities for young people
- Wage rates
- New income generating assets
- Projects completed in CAM areas
- Land in community ownership
- Inward Investment
- Social impacts
## Budget

<table>
<thead>
<tr>
<th>Financial Plan</th>
<th>2016/17 £m</th>
<th>2017/18 £m</th>
<th>2018/19 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td>Indicative</td>
<td>Indicative</td>
</tr>
<tr>
<td>GIA Baseline</td>
<td>56.2</td>
<td>56.2</td>
<td>56.2</td>
</tr>
<tr>
<td>DEL/AME non cash funding</td>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>Scottish Government Total</strong></td>
<td>67.2</td>
<td>67.2</td>
<td>67.2</td>
</tr>
<tr>
<td>European Funds</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Revenue Receipts</td>
<td>4.2</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supporting businesses and social enterprises</td>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Strengthening communities and fragile areas</td>
<td>7.8</td>
<td>7.8</td>
<td>7.8</td>
</tr>
<tr>
<td>Developing growth sectors</td>
<td>13.0</td>
<td>13.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Competitive and low carbon region</td>
<td>14.5</td>
<td>14.5</td>
<td>14.5</td>
</tr>
<tr>
<td>Development support</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>DEL/AME non cash expenditure</td>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Operating costs</td>
<td>14.5</td>
<td>14.5</td>
<td>14.5</td>
</tr>
<tr>
<td>Strategic Forum Savings target*</td>
<td>3.2</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Total Investment</strong></td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
</tr>
</tbody>
</table>

**NOTES**

The budgets beyond 2016/17 are not confirmed and therefore shown as indicative based on previous spend. There will be a spending review in 2016/17, which will inform the budget setting process.

*The Strategic Forum Savings target has not been set beyond 2016/17, and is shown at current levels for budget purposes.

Investment budget allocations are indicative only. HIE manages its budgets in a flexible manner to enable us to react to challenges and opportunities which may arise.

Additional funds are being provided to HIE for projects such as digital infrastructure, Wave Energy Scotland, Community Broadband Scotland and the Scottish Land Fund.
HIE’s approach to delivering best value draws on best practice models and guidance (including Best Value 2 and Corporate Expectations), and demonstrates alignment with requirements, whilst remaining focused on outcomes for HIE.

GOVERNANCE ENVIRONMENT
HIE’s working environment is one where creativity and outcome focused delivery are underpinned by high standards of governance and accountability. HIE’s organisational culture empowers staff to be innovative and take intelligent risks in pursuit of our priorities and wider ambitions for the region. The key components of HIE’s governance arrangements are:
- A strong accountability framework, including clear roles and responsibilities and delegated authority arrangements
- Transparent decision-making processes which are supported by a clear evidence base
- Assurance arrangements which provide evidence that governance and control arrangements are operating effectively
- Comprehensive risk management arrangements which support implementation of HIE’s risk management strategy
- Development of robust evidence, providing the HIE Leadership Team and Board with integrated performance, risk and financial management information

BUSINESS IMPROVEMENT
HIE is working towards becoming an exemplary public sector organisation in the use of digital technology for the delivery of business support services and dissemination of key information. In delivering our Digital HIE ambition we are:
- Transforming how we engage with customers, placing their needs at the core of our activities to ensure that we maximise the impact of interventions and raise ambition levels across the region
- Extending the reach and attraction of the region by opening up our knowledge, insights, information and stories through dynamic and innovative channels, to enable better outcomes for customers, the region and Scotland
- At the forefront of the collaborative approach to delivery of public services within Scotland, to embrace and influence national initiatives and ensure opportunities to share collective information and intelligence are maximised
- Improving organisational efficiency and effectiveness by embracing new ways of working that encourage creativity and innovation, and inform a culture of continuous improvement for us and our customers.

The key themes of HIE’s approach to business improvement are organised around the following defining characteristics:

C CULTURE of knowledge sharing and collaboration
R RESOURCES allocated and utilised effectively
E ENCOURAGING a governance culture supporting innovation, ambition and intelligent risk taking
A APPROPRIATE project appraisal and project management solutions
T TIMELY engagement with the right people to agree outcomes and creative solutions
I INFORMATION systems and communication infrastructure, supporting HIE’s delivery, performance reporting and access to information
V VALUING the customer experience
E EMPOWERED confident staff with relevant skills

These characteristics are underpinned by:

STRONG LEADERSHIP
CLEAR VISION
OUR PEOPLE

Our people agenda provides the strategic context and direction for our workforce development, focusing on key drivers of organisational performance:

- Creating and sustaining a high performance culture through what we do and how we do it
- Creating an effective leadership that supports innovation and creative delivery
- Encouraging effective and collaborative team working
- Ongoing commitment to paying the Living Wage to all our employees
- Demonstrating a commitment to the future workforce through Investor in Young People accreditation
- Setting the standard on workforce planning through the development of progressive workplace policies to deliver in an ever-changing environment
- Building capability through a learning and development strategy that enables flexibility, collaborative delivery of outcomes, succession planning and makes the most of people’s talents

EFFECTIVE COLLABORATION

Working with strategic partners in central and local government and other public agencies on a Team Scotland basis will continue to be a priority. HIE makes effective contributions to Community Planning Partnerships across our region, and is involved in many pan-Scotland initiatives including the Scottish Land Fund, Community Broadband Scotland, and the Scottish Business Portal. We are also active participants in the Strategic Forum, Convention of the Highlands and Islands and in area initiatives such as the Caithness and North Sutherland Regeneration Partnership. In addition we will work with Bord na Gaidhlig to develop a new Gaelic Development Plan to ensure our ambitions for Gaelic remain aligned with our wider aspirations to increase competitiveness and tackle inequality. We have established close relationships with Business Gateway in each local authority area, including co-location in many cases, and will continue to foster collaboration for the benefit of Highlands and Islands businesses. We are currently working with Skills Development Scotland to implement a Regional Skills Investment plan, and with the Scottish Funding Council to maximise the impact of Scotland’s new Innovation Centres in the Highlands and Islands. In partnership with UHII and other organisations, we are building new, shared premises at Inverness Campus, creating a unique multi-user facility with significant potential to further collaboration in enterprise, education and research.

EQUALITY OUTCOMES

We recognise the benefits of a diverse workforce and aim to make our services and assistance available to all. We are committed to maintaining a culture which recognises and rewards individual achievement and merit, regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation, as well as working pattern, full-time or part-time, and contract status, permanent or fixed term.

HIE proactively considers equality when carrying out work by mainstreaming it into our core business. We have produced an equality outcome statement which articulates the priority areas where evidence suggests we need to target our resources to make our society a fairer and more equal one. There will be a particular focus on increasing the number of young people moving into suitable employment in the Highlands and Islands as a result of HIE’s influence and involvement, and a focus on increasing the number of women in leadership roles in the Highlands and Islands. We have signed up to the Partnership for Change Pledge, setting a target of ensuring a 50:50 gender balance on our Board by 2020.

We will also pay the living wage to all our employees and seek to extend that pledge to all contracts delivered by suppliers on our behalf. As an accredited investor in young people we will play our part in implementing the findings of the Commission for Developing Scotland’s Young Workforce.

We will:

- Ensure that HIE’s working environment is one where creativity, innovation and outcome focused delivery are underpinned by high standards of governance and accountability
- Continue momentum around delivering the outcomes attached to the CREATIVE characteristics
- Be an exemplar organisation in embracing digital opportunities, increase openness and transparency, and ensure we meet the expectations of our customers
- Effectively collaborate with partners to ensure that we maximise opportunities to realise regional outcomes
- Optimise funding to deliver against our planned priorities
- Implement a workforce development strategy which enables an empowered, flexible and responsive workforce to deliver our Operating Plan
- Optimise use of performance management information and research findings to measure impact and inform future policy and investment priorities