

# PROPERTY STRATEGY 2021-2026



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

# EXECUTIVE SUMMARY

**As the economic and community development agency for the Highlands and Islands, we have a responsibility to promote and support sustainable and inclusive growth in the region. This Property Strategy has been prepared to guide our investment in and management of property over the next five years, to ensure that we best use our assets to harness the region's potential while supporting the national transition to net zero carbon.**

Our property portfolio, which spans the diverse geography of the Highlands and Islands, is fundamental to the work we do. By providing business accommodation and community infrastructure, both directly and in partnership with aligned stakeholders, Highlands and Islands Enterprise (HIE) can enable both economic and community development, working collaboratively to address market failure across the region and facilitate growth which draws on the numerous unique opportunities from across the Highlands and Islands.

## OUR PROPERTY STRATEGY

Acknowledging the diversity of our area, the Property Strategy takes a place-based approach. Economic success here in part depends on the availability of a range of modern business and industrial premises. This accommodation needs to support growing sectors and industries including energy, the blue economy, tourism, food and drink, and space, and we shall work collaboratively with stakeholders from across the Highlands and Islands to identify opportunities, promote innovation and support the delivery of projects which meet people's needs. Our properties must be flexible and adaptable to suit different types of users and they must be sited in strategic locations to ensure wider regional growth.

Our Property Strategy also acknowledges the new challenges emerging across the Highlands and Islands as a result of the Covid pandemic, Brexit and the transition to net zero. It will help us meet the following objectives:

- To utilise the existing property portfolio and new investment and development opportunities to underpin the delivery of our strategic priorities and deliver long-term benefits to the region.
- To deliver property in line with HIE's and Scottish Government's aspiration to achieve net zero by 2045, including interim targets to incorporate low and zero carbon strategies by 2040.
- To be creative and proactive in pursuing place-based development opportunities whilst ensuring alignment with Scottish Government's 'Programme for Government' and Scotland's Economic Strategy.

- To ensure the strategy for property is recognised at a regional and local level and implementation is aligned with local needs and based on an understanding of regional and local market dynamics.
- To create opportunities for collaboration with public and private, third sector and other community-based partners in order to maximise impact and value for money.

We have set out opportunities relevant to property at a strategic level followed by sector-based opportunities, noting that while specific sectors or projects may be mentioned in this report, our aim is to follow our strategic plan and vision to respond to market failure across the region and we may intervene in sectors or markets as need and opportunity dictates. Investment and intervention decisions will consider:

- Alignment with operating plan priorities;
- Market failure and the most appropriate property 'tools' available to address this e.g. new build, sale of serviced land, involvement in mixed use developments and collaborative opportunities. Market failure in the Highlands and Islands tends to result in the under provision of property and services in commercial property, among other sectors, and can result in situations where development costs exceed the estimated property value or other return on investment upon completion;
- Job creation reflecting geographic priorities;
- Our place-based plans to support population retention and growth in remote and rural locations, aligned with Scottish Government's repopulation programme;
- Economic impact;
- Resources available; and
- Response to demand in a post-Covid landscape.

The property and infrastructure team is represented in all of our area offices, which enables us to tap into local knowledge, working with delivery partners and local communities to assess how, where and when we should use our resources to invest in the property market to best effect.

## IMPLEMENTING OUR PROPERTY STRATEGY

One of our biggest strengths is our network of employees, partners and collaborators from across the Highlands and Islands. In order to maximise the impact of our investments and to promote community-led investment across the region, we will collaborate with partners including local authorities, community development trusts, local employers and community groups. Drawing on our area teams, we will continue to engage at a local and regional level to ensure that projects are best placed to meet local need and enable local industries and communities to thrive.

Our Property Strategy is an ambitious document which will realign the way we work with new priorities and the realities of living, working and investing in the Highlands and Islands. To do this, we have set out an action plan which will guide our work in property and infrastructure across the region. We have adopted an area-based approach to our action plan, which has been developed based on ongoing consultation with our area teams and close analysis of local needs. We will develop a prioritised action plan which will include clear goals and timescales for completion and will be reviewed on an ongoing basis dependent on local and regional priorities. The action plan will be regularly reviewed and currently includes commitments to:

Below: Golspie Business Park and Ben Bhraggie, Sutherland. Credit: Angus Mackay / HIE

- Review the property portfolio and consider all options for disposal, cognisant of our net zero commitments.
- Review the impacts of a HIE-owned property portfolio and include these considerations in future property decisions. The focus of the review will be on how best we can achieve our objectives for the region through property development. Impact shall be viewed holistically with a wider focus than final value and income generated.
- Review our property management approach.
- Develop a plan to embed net zero within our development, management, procurement and investment decisions.
- Research external funding opportunities with a view to identifying potential sources through partnerships, private sector and targeted grants e.g. to fund climate change initiatives. We plan to carry out this as an initial high level review to understand possible funding structures and opportunities.
- Continue to develop and review a table of prioritised pipeline projects across the region – our Infrastructure Plan (IP). The IP will be updated on an ongoing basis, presenting regularly to Leadership Team.
- Develop a practical and accessible matrix to measure performance.
- Review our approach to marketing of our property portfolio and opportunities.
- Establish a clear process for HIE responses to local development plans.
- Develop a scoring methodology to guide how properties are let and to whom. We will set a range of benchmark targets to measure our success in delivering the Property Strategy and will monitor progress on an annual basis, with formal reviews taking place during years three and five of the strategy.



Arnish Fabrication Yard, Isle of Lewis, the key manufacturing and assembly facility for the renewable energy sector in the Western Isles. Credit: Scotavia Images



# 1. INTRODUCTION

- 1.1. Highlands and Islands Enterprise (HIE) has prepared this Property Strategy to guide and support investment in and management of our buildings and land over the next five years. Our property portfolio, which stretches across the Highlands and Islands, is fundamental to the work we do. It includes purpose-built office accommodation, industrial and laboratory space. The purpose of this document is to outline a strategy for how we will support property provision to underpin the delivery of our vision, and outcomes, as set out in our 2019-2022 Strategy and Operating Plan (A Plan for Jobs and Communities) and our 2021 Operating Plan (Action for Jobs and Communities).
- 1.2. Our involvement with property is an important element of our development remit: facilitating and providing business accommodation and supporting community infrastructure. Property is a key enabler to both economic and community development particularly in our region where there is widely recognised and documented market failure across much of the area. The supply of commercial property does not reflect demand within the region and across some sub-regions this is having a significant negative effect by constraining economic growth. Strong, capable and resourceful communities are vital to the social and economic growth of the Highlands and Islands, and our work in property is a key part of our strategy to enhance inclusive growth across the region.
- 1.3. It is considered appropriate for HIE to invest in both property development and land assembly/ site servicing to ensure that businesses have access to appropriate infrastructure that will enable them to achieve their economic potential whilst also contributing to regional growth and development. This strategy seeks to set out the circumstances in which such activity may take place, including the constraints and regulations on our activity.
- 1.4. The scope of this strategy is wide-ranging covering property activity in the following areas:
  - infrastructure at our own hand;
  - support to third parties;
  - partnership projects;
  - acquisition and disposal strategy;
  - rental policy;
  - existing portfolio; and
  - project delivery approach.
- 1.5. We have identified ten key recommendations from the Property Strategy, which will stand the region in good stead over the coming years:
  1. We will invest in projects that are responsive to market opportunities and are appropriate to new ways of working post-Covid.
  2. We will invest in building types that will contribute to the Government's net zero targets.
  3. In relative terms, we will increase our investment in geographies that face economic and demographic challenges, ensuring balanced investment across our area. This will be achieved through projects at our own hand and third party investment.
  4. We will seek to bring innovation to the construction supply chain.
  5. We will require flexibility of design to support a broad range of commercial uses, including multi-use properties where appropriate.
  6. We will actively seek partnership opportunities with other agencies, community groups and the private sector, particularly with a view to mixed use developments.
  7. We will review our current portfolio, including our strategy for retention and disposal.
  8. Our role will be to address the acute market failures that exist across the region. We will use a range of approaches and interventions to achieve our objectives.
  9. We will offer support as a provider of expertise, project management and supporting capital. Delivery at our own hand will only be considered where there is clear market failure and where all other delivery methods have been discounted.
  10. We will encourage a design aesthetic that is modern and reflects well on the local environment.

## 2. BACKGROUND AND CONTEXT

- 2.1. HIE is the Scottish Government's economic and community development agency for the Highlands and Islands, a diverse region encompassing more than half of Scotland's land mass. We work to promote and support the region as a highly successful, inclusive and prosperous place in which increasing numbers of people choose to live, work, study, invest and visit. We have a key role to provide support and assistance that ensures that the right economic infrastructure and conditions for growth are in place to help realise the vision for the region and deliver against our shared priorities.
- 2.2. The Highlands and Islands has a unique geography, with around 100 inhabited islands, dispersed communities, dramatic mountain ranges and a fjord-like coastline. The environment is rich in opportunities founded on natural and created resources, the skills and talents of our people, a dynamic business and academic base, rich culture and creativity, an excellent quality of life and a strong sense of community and belonging. Communities are at the heart of social and economic development across the Highlands and Islands and we adopt a place-based approach to investment and management of property to support communities in a flexible and collaborative manner.
- 2.3. **It is our role to help people, businesses and communities to access these opportunities, and one of our responsibilities is to promote and enable the unique business, cultural and community activity which stems from the region's distinctive characteristics.**
- 2.4. Our Property Strategy will help us to meet these goals, chiefly by promoting and supporting the most beneficial conditions for growth. Provision of property can encourage inward investment, secure a key business for a specific location, support a start-up business in a fragile area and provide the ideal conditions for growth of a valuable employer. Acknowledging the wide range of economies, markets, cultures and other circumstances which make up the region, the strategy promotes a place-based approach: the way services and policies are delivered must be tailored to local conditions. The publication of this strategy is also timely, coming as we are preparing and developing our response to the combined challenges posed by the just transition to net zero, Covid and Brexit.
- 2.5. Aligned with Scotland's Climate Change Plan 2018 – 2032, we will support and facilitate HIE's transition to net zero where possible through the policies and recommendations set out in this strategy. Globally, property accounts for a significant proportion of direct and indirect carbon emissions. Through careful design, construction, operation, maintenance and changes of use, we will seek to reduce the climate impact of our property assets.
- 2.6. This is a strategy which recognises the diversity across the Highlands and Islands as one of our greatest strengths, both in terms of place-based challenges and opportunities and the swiftly changing circumstances faced by all of Scotland. It acknowledges the changing market by taking a local approach, setting priorities and strategic approaches for property projects, but not restricting HIE to a single course of action. Flexibility, which would be inherent to any property strategy covering a region as diverse as the Highlands and Islands, becomes ever more vital in this context.
- 2.7. This strategy is designed to be usable and accessible to a range of readers. It sets out the key influencing drivers and demonstrates how our approach aligns with HIE's Operating Plan. In addition, some of the key implementation activities are highlighted. The policies set out in this strategy are aligned with our broader corporate vision and mission, as well as Scottish Government's policies for the economy, including the Economic Action Plan and the Enterprise and Skills Strategic Board's Strategic Plan. We have also looked to broader strategic documents such as the Place Principle, the Climate Change Plan, and the opportunities for transformative investment set out in the regional Growth Deals for Argyll and Bute, Inverness and Highland, Moray and the Islands.

## 3. PURPOSE

- 3.1. HIE's property functions derive from our general functions set out in the Enterprise and New Towns (Scotland) Act 1990, of 'preparing, concerting, promoting, assisting and undertaking measures for economic and social development of the Highlands and Islands', with HIE being granted wide discretion to carry this out in response to the needs of the area as it thinks fit. Although there is no particular instruction to carry out the development of sites and premises for community and / or commercial use in either the Act or the Framework Agreement between HIE and the Scottish Government, there is clear evidence that involvement in property is an option to fulfil HIE's economic and community development task.
- 3.2. This Property Strategy therefore takes its direction directly from HIE's 2019-2022 Strategy and Operating Plan and the 2021 Operating Plan. Property development has the potential to support this strategy at a number of its aims as follows:
- HIE's vision for all parts of our region to sustain and develop a vibrant rural economy – by intervening where the market is inadequate.
  - Enabling growth in priority economic sectors with high growth potential such as biotechnology using marine resources and high quality food exports by stepping in where necessary alone or with the private sector to ensure that adequate sites and premises are available.
  - Providing support for premises for community enterprises, especially following community buy-outs when capital to develop premises to facilitate their commercial spin-offs may be in short supply or unavailable due to lack of commercial track record.
  - Enabling new business start-up by providing suitable premises to rent in areas where the local economy is lagging behind.
  - Providing suitable sites for development by inward investors or indigenous business expansion projects which contribute to enlarging the economy of the area as a whole.
  - Acting as a demonstration for low and zero carbon commercial premises.
- 3.3. A balanced and clearly prioritised property strategy will help HIE to facilitate local and regional opportunities and foster a diverse and resilient economy across the Highlands and Islands. We have a long track record of investment in property and infrastructure, ranging from direct development of commercial and industrial capacity through to partnership with other organisations in the public and private sectors to facilitate property investment. Our flexible approach responds to varying geographies and micro economies; an appropriate approach in a remote rural area may differ from the opportunities available in an urban environment. It is based on addressing market failure which in turn constrains the region's ability to grow and prosper. We will not intervene, whether directly or in an influencing role, in places or sectors where the market has not failed in some way. Examples which illustrate the range and variety of our projects are included at Appendix 1.
- 3.4. However, as noted in our 2019-2022 Strategy and Operating Plan, 'the region's potential is undermined by a lack of appropriate infrastructure'. Setting out a Property Strategy for the next five years, this document highlights strategic priorities for investment, spanning business and innovation facilities. These priorities are based on regional need and set within the context of permissible public sector intervention in the market. It also covers the areas where we have an important influencing role such as transport, housing and energy infrastructure. Following a property review, we will plan to decarbonise properties remaining in our portfolio and adopt net zero carbon strategies.
- 3.5. Our Property Strategy is designed to provide the appropriate infrastructure needed to develop and sustain a vibrant regional economy and just transition to an inclusive and fair net zero future. It will deliver outcomes that correspond to the priorities set out in Scottish Government's frameworks and with the strategic priorities set out by both the Convention of the Highlands and Islands and current Growth Deals.

- 3.6. Success will require:
- Strong alignment and partnership – working in local, regional and national partnership is fundamental to our approach and essential to strengthen impact and support communities.
  - Leadership – delivering direction, support and advocacy as appropriate.
  - A people-centred and place-based approach – playing to our strengths at a regional and local level and tailoring support to meet the region’s needs, drawing on the talent and potential of everyone who lives and works in the Highlands and Islands.
- 3.7. By taking a people-centred and place-led approach, HIE is aligned with the approach Scottish Government has set out in its Economic Action Plan 2019-2020 (January 2020 update), that ‘the way services and policies are delivered needs to be tailored to the local situation’. Similarly, our strategy is in keeping with the Place Principle, an approach adopted by Scottish Government and the Convention of Scottish Local Authorities. The Place Principle seeks to promote collaboration between individuals and organisations within the public, private and third sectors to achieve better outcomes at a local level. HIE recognises its position as a significant participant across the Highlands and Islands.
- 3.8. With every decision to invest in property or infrastructure we will consider the cost of the project in the context of what value and return it will bring to the local economy and the wider region. It is obviously key that there is an appropriate correlation between the net worth of HIE’s property portfolio and the benefit that it brings to our region.
- 3.9. The three challenges of Covid, Brexit and the just transition to net zero will test our approaches to resolving market failure and stimulating investment and business activity across the region. This is an occasion for reflection in the face of great change, in the knowledge that new ways of thinking will be needed to realise the region’s potential. The timing of this Property Strategy offers the opportunity to adapt to meet the new and emerging challenges facing the diverse people, places and organisations which collectively make our region such a dynamic and rewarding place to live and work.
- 3.10. We recognise that, post-Covid, ways of working will have changed, not only in the types of accommodation required but also in terms of where people live and their ability to work remotely. Provided appropriate digital connectivity is available, this may present opportunities for our region which offers a high quality of life and may attract talent from elsewhere through e.g. public sector job dispersal.
- 3.11. Throughout the Covid pandemic, we have worked to support communities across the region, both in terms of short-term responses to immediate problems and longer-term investment and planning for recovery. In this context, our objectives have evolved to meet new challenges. Some of the key points most relevant to this Property Strategy are highlighted below:
- Covid recovery. We will continue to support Scotland’s businesses, communities, learners and the wider economy as the country responds to the Covid-19 pandemic and plans for its recovery. This recovery will be led by green, sustainable growth.
  - Post-Brexit landscape. Scotland faces ongoing uncertainty about the short, medium and long-term impacts of Brexit. While noting that not all impacts are financial, an example of this uncertainty is the UK Government’s plans to establish a Shared Prosperity Fund, details of which are yet to be published.
  - Inclusive economic growth. HIE promotes inclusive economic growth across the region, working with others to deliver genuinely inclusive economic activity. We will work inclusively across the Highlands and Islands, and when practicable will support the delivery of growth deal programmes and other collaborative initiatives.
  - Just transition to net zero. We will help Scotland to achieve its ambitious climate change targets and ensure a green recovery from Covid that delivers economic, social and environmental opportunities. Across the agency, we will support the just transition towards a net zero economy.

# 4. HIE'S PROPERTY PORTFOLIO IN 2021

4.1. HIE has a large portfolio of property and land across the Highlands and Islands, consisting of modern office and industrial units, business centres, and development sites along with Cairngorm Mountain and Orbost Estate.

## HIGHLANDS AND ISLANDS ENTERPRISE COMMERCIAL PORTFOLIO DISTRIBUTION

### INDUSTRIAL PREMISES

 Units: 45  
Area: 45,964 sqm  
Vacancy: 2%

### OFFICE PREMISES

 Units: 48  
Area: 19,409 sqm  
Vacancy: 44%

### TOTAL PREMISES

Units: 93  
Ranging from 25 to 17,964sqm



### CAITHNESS AND SUTHERLAND

 Units: 4  
Area: 4,604 sqm  
Vacancy: 0%  
Rental: £116,550pa

 Units: 8  
Area: 2,347sqm  
Vacancy: 52%  
Rental: £82,250pa

### INNSE GALL

 Units: 18  
Area: 17,764sqm  
Vacancy: 2%  
Rental: £289,480pa

 Units: 4  
Area: 1,461sqm  
Vacancy: 61%  
Rental: £42,000pa

### LOCHABER, SKYE AND WESTER ROSS

 Units: 7  
Area: 629sqm  
Vacancy: nil  
Rental: £26,500pa

 Units: 1  
Area: 96sqm  
Vacancy: nil  
Rental: nil

### ARGYLL AND ISLANDS

 Units: 6  
Area: 19,335sqm  
Vacancy: nil  
Rental: £419,080pa

 Units: 14  
Area: 2,727sqm  
Vacancy: 48%  
Rental: £155,198pa

### SHETLAND

Units: Nil

### ORKNEY

 Units: 6  
Area: 1,320sqm  
Vacancy: 50%  
Rental: £49,165pa

### INNER MORAY FIRTH

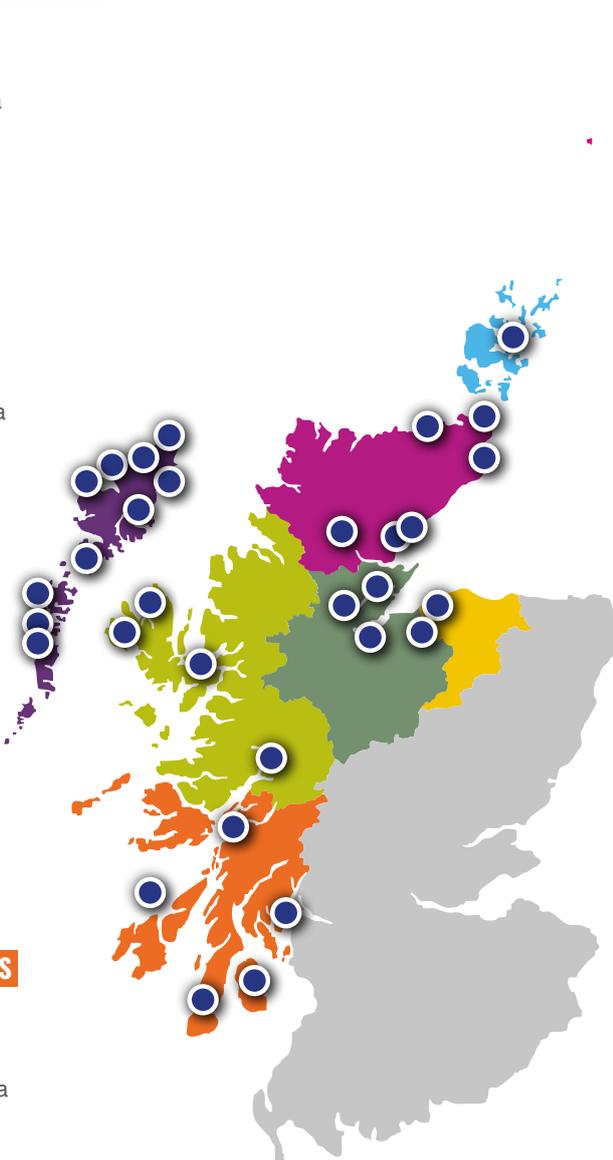
 Units: 1  
Area: 461sqm  
Vacancy: nil  
Rental: £27,300pa

 Units: 17  
Area: 8,304sqm  
Vacancy: 51%  
Rental: £589,123pa

### MORAY

 Units: 3  
Area: 184sqm  
Vacancy: nil  
Rental: £135,085pa

 Units: 4  
Area: 4,481sqm  
Vacancy: 20%  
Rental: £234,348pa



NOTES: A unit is defined as individually lettable unit either within a building or standalone. Vacancy is calculated on vacant floor space. Figures include HIE owned offices - An Lochran and Fort William

## KEY FACTS

ANNUAL RENT  
**£1.97m\***

(as at 31/3/21) \* note that there is expenditure in generation of this income



PORTFOLIO  
VALUE **£29.7m**  
(as at 31/3/21)



includes Cairngorm and Orbst

SALES  
**£1.55m**  
(2020/21)

### CHANGING PORTFOLIO



INDUSTRIAL FLOORSPACE:  
**THEN: 2006 80,000 sqm**  
**NOW: 2021 45,700 sqm**

**130**  
**HECTARES**  
OF DEVELOPMENT LAND



OFFICE FLOORSPACE:  
**THEN: 2006 28,600 sqm**  
**NOW: 2021 19,500 sqm**

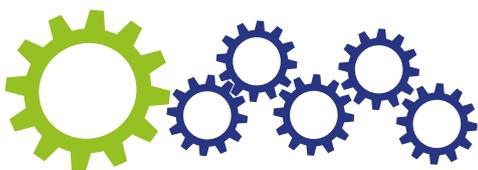
**TOP 10**  
PROPERTIES BY SIZE  
These 10 account for 73% of HIE's properties.

BUILDING SIZE	SQM
Machrihanish	17,964
Arnish Point	13,038
Denchi House, Thurso	4,334
Breascleate	3,798
Strathcona House, EPF	2,048
Solasta House, Inverness	1,849
Malin House, Dunstaffnage	1,713
9 Fodderty Way, Dingwall	1,591
Unit 11, Enterprise Park Forres	1,171
Earl Thorfinn House, Dingwall	1,056



**RENTAL INCOME**  
69% of rental income comes from these 10 tenants.

LARGEST TENANTS	£ PA
CS Wind UK Ltd	£367,500
Kura	£187,349
Odx Innovations Ltd	£169,193
BASF Pharma (Callanish) Ltd	£139,000
NSL Limited	£113,630
AGM Batteries Ltd	£108,750
SRUC	£105,966
Equinti	£65,000
Bentley Systems (UK) Ltd	£50,000
Makar Technology Ltd	£47,000



## STRATEGIC PROJECTS

• Arnish • Cairngorm • Enterprise Park Forres • EMSP  
• Inverness Campus • Machrihanish • ORIC • Space Hub Sutherland

4.2. Currently, the commercial portfolio consists of 76 individual buildings, providing premises for over 90 occupiers extending to 65,806 m2 of commercial space. Future development potential exists with 134 ha of development land available at 30 locations

4.3. Going forward we will review our position on the retention of our property portfolio, with all options considered. Factors to take into account within the review include:

- the size and range of the portfolio;
- the compatibility of properties with low-carbon and net zero standards;
- income generation;
- the post-Covid landscape;
- value of property;
- impact on the tenant, e.g. a company may feel it is necessary to purchase a property if HIE ceases to be the landlord, resulting in capital investment in property rather than other aspects of business growth;
- marketability;
- the principles governing sales and leases; and
- the future management of properties we may hold.

4.4. We manage the portfolio through Managing Agents who provide an out-sourced resource which can respond to changes in the size of the portfolio, especially relevant given the recognition that the portfolio should be downsized. We will work to ensure Managing Agents meet HIE's high standards and will ensure the procurement of Managing Agents is carried out in an efficient manner to align the delivery of services with demand and function.

# 5. PROPERTY OPPORTUNITIES

5.1. HIE's property assets are essential to the delivery of economic and community development in the Highlands and Islands. Through the Property Strategy we set out how we will use our property remit to contribute to our vision for the Highlands and Islands over the next five years. We will employ our property investments to unlock opportunities for growth and deliver returns – financial, social and community – to all our stakeholders. This in turn will stimulate wider benefits to the region, with our own investments catalysing further development.

5.2. **This section sets out:**

- **strategic opportunities**
- **sector-based opportunities**
- **key opportunities for HIE**
- **supporting and influencing opportunities for HIE**
- **project- based opportunities**

## STRATEGIC OPPORTUNITIES

### PLACE BASED INVESTMENT

- 5.3. We will seek to support regional clusters and centres of excellence through our property investments, with sufficient flexibility to meet regional demand and respond to opportunities as they develop. This process of project development and prioritisation will be led by our Area Managers. Successful clusters supported by HIE at the Orkney Research and Innovation Campus in Stromness, the European Marine Science Park and Scottish Association for Marine Science in Argyll and emerging space and technology activity in Moray illustrate the scale and potential of projects delivered via this approach.
- 5.4. We will follow an approach based on regional need and the specific market failures which need to be addressed. This will often be through the provision of property or infrastructure to provide capacity for growth rather than development following specific demand, which based on our experience across the Highlands and Islands is the most effective means of providing support and stimulating positive change. However, our approach will be flexible to meet local needs or challenges as necessary.
- 5.5. We are well placed to see the interconnectivity between different regions, sectors, industries and policies. The Property Strategy seeks to

promote HIE as a partner, collaborator, facilitator and influencer.

- 5.6. Benefiting from a strong local footprint across the Highlands and Islands, combined with a regional perspective, we will collaborate with local partners to deliver property which is aligned with local demand.
- 5.7. We will continue to support the implementation of growth deals and development of associated economic partnership, community planning partnerships or cross-authority collaborations, such as the Convention of the Highlands and Islands. These and related programmes will be exploited as a catalyst for realising longer term ambitions for economic growth and regeneration.

### JUST TRANSITION TO NET ZERO

- 5.8. We will lead by example through embedding net zero within our development, management, procurement and investment decisions. Recognising the wide-ranging and multiple actors active in green growth, collaboration and partnership with key public and private sector partners is vital, leveraging the relevant knowledge, expertise and finance.
- 5.9. We will carry out a review of all our properties with a view to assessing the fit with net zero standards.
- 5.10. Congruent with Scottish Government policy, HIE will ensure new buildings are energy efficient and adopt low and zero-carbon approaches to their procurement, construction, operation and disposal. The upfront costs of low and net zero carbon investments will be evaluated in the context of their long-term benefits for users and the wider community and in their contribution to HIE's net zero target date.
- 5.11. We will support others on environmental initiatives and the greening of existing activities across the region.
- 5.12. Following review, buildings retained within the property portfolio will be retrofitted to decarbonise heating and electricity systems as well as improving building energy efficiency.
- 5.13. Investments in buildings – acquisitions, investment and disposals – are likely to be the most significant actions relevant to meeting our sustainability targets. Project planning must consider environmental sustainability over the lifecycle of a property investment, to ensure the most effective and efficient approaches to net zero carbon are adopted.



Above: The European Marine Science Park, Dunstaffnage, near Oban in Argyll.  
Credit: Scotphoto / HIE

## DEVELOPMENT PRINCIPLES

- 5.14. Our investments and interventions will reflect organisational priorities as set out in our strategy and annual operating plan, be in accordance with national and international law and will be implemented within available budgets referenced in section 7.
- 5.15. Investment and intervention decisions will consider:
- Alignment with operating plan priorities;
  - Market failure and the most appropriate property ‘tools’ available to address this e.g. new build, sale of serviced land, involvement in mixed use developments. Market failure is the inefficient allocation of resources within a free market, which in the Highlands and Islands tends to result in the under provision of property and services in commercial property and housing, among other sectors. Factors include the region’s challenging geography, uneven population distribution, high build costs, lack of local developers, and lower skill levels in some areas. This can result in situations where estimated development costs exceed the estimated property value or other return on investment upon completion;
  - Job creation reflecting geographic priorities;
  - Our place-based plans to support population retention and growth in remote and rural locations, aligned with Scottish Government’s repopulation programme;
  - Economic impact;
  - Resources available; and
  - Response to demand in a post-Covid landscape.
- 5.16. We will promote the clustering of development in certain industries based on regional opportunities and/or established sector strengths. The region already benefits from established clusters in a range of sectors including aquaculture, environmental sciences, forestry, renewable energy and life sciences. These business clusters are associated with positive effects including higher productivity, higher wages and greater employment resulting from a labour market with specialised skills, local supplier networks with specialised capabilities, and a knowledge pool driven by business innovation activities and knowledge institutions. An example of this is seen at Inverness Campus where life sciences and technology organisations co-locate and work collaboratively. It is neither necessary nor preferable to promote every industry and sector in every place.
- 5.17. We will continue to respond to Asset Transfer Requests, by which communities can apply to public authorities to purchase or lease public assets, if they can demonstrate a greater community benefit than what is currently being provided by the public sector. These processes can be supported through HIE’s account management of communities. This is just one way in which we can use property as a tool to support our communities. Our broader strategy for the development, operation and disposal of assets, including a commitment to review our strategy for portfolio retention, is set out under ‘Disposal Strategy’.

## PARTNERSHIPS AND COLLABORATION

- 5.18. To realise our vision and fulfil our remit, we will work with and support organisations in the public sector, private sector and third





Above: Glenshellach Industrial Estate, Oban. Credit: C Rankin Photography

sector, including community development trusts and other community organisations and working groups involved with town centre regeneration.

- 5.19. Drawing on our area teams, we will work together with local authorities and other landowners to align plans for land in and around settlements and other agreed priority areas.
- 5.20. We will use our influence and expertise to lead multi-partner strategic investments (see ORIC case study at Appendix 1), making good use of our expertise and pooling resources to realise benefits beyond the capacity of any single organisation. This may involve leveraging funding from other sources and supporting private-sector development through financing agreements.

### **DISPOSAL STRATEGY**

- 5.21. We will review our strategy for property portfolio retention with all options considered. This review will take into account the factors set out in paragraph 4.3.
- 5.22. Our disposal strategy will be considered in the context of overall benefit of a HIE-owned property portfolio. We will carry out a review of the impacts of our property ownership. The future size and shape of the portfolio will be determined by the fitness for purpose of our assets, and we expect our portfolio to change in size and shape over time as our needs and priorities change.
- 5.23. In recent years we have disposed of many of our largest and most valuable assets. The next phase of disposals will concentrate on other properties in the portfolio, requiring a

different strategy that will draw from our extensive local knowledge and partnerships.

- 5.24. Property disposals must consider the viability and usability of residual land – we will structure property sales to avoid being left with unsellable plots and strips of residual land. All disposals will be considered in terms of the potential for prompt development which will contribute to the local economy.

### **ACQUISITIONS STRATEGY**

- 5.25. HIE will continue to acquire sites and property where this is compatible with our broader strategy to support economic and community development and will ensure present and future requirements for capacity and/or market intervention are met, within the confines of our budget and remit.
- 5.26. The acquisition of new assets must include a defined operation and disposal strategy, to support long-term planning and bring clarity regarding HIE's obligations for servicing, maintenance and other operating costs.

### **PORTFOLIO MANAGEMENT**

- 5.27. The property portfolio will be managed such that properties are fit-for-purpose, secure, and compliant with present and forthcoming environmental policies and regulations.
- 5.28. We will develop a scoring methodology to ensure that buildings and land offered for sale or lease are made available to occupiers with the best potential for economic and community development, balancing economic and community benefit



Above: Thurso Business Park. Credit: Graham Sibbald / HIE

and financial return, and ensuring that they are used for the benefit of the region.

- 5.29. Property will be well maintained with a programme of investment and upkeep, in order to retain value, support income generation and support the just transition to net zero.
- 5.30. We shall audit our existing property portfolio to establish fitness-for-purpose, condition, suitability and alignment with our strategic priorities. This will include consideration of the balance of uses across the portfolio, which will be undertaken as part of the portfolio review to ensure alignment with our strategic priorities and the needs of communities in a post-Covid, post-Brexit environment. The result of this audit (which will proceed on a rolling basis) will inform decisions regarding investment, disposal and use, according to the result of our review into our strategy for property portfolio retention.

## PROCUREMENT STRATEGY

- 5.31. HIE will promote innovation through the way we procure services for property and land projects that we are delivering directly or partnering on. Consideration will be given to the importance of community wealth-building through the use and development of local supply chains and enhancement of local capacity and capability across all sectors (as dictated by market demands and our development principles). This will be supported throughout the supply chain, from the production of raw materials (especially timber) through to design, manufacturing

(including off-site manufacturing and modular design) and construction. Property consultancy services procurement will ensure appointment of appropriate contractors with the relevant skills, experience and understanding of the region.

- 5.32. Promotion of innovative production, design, manufacturing or construction methods will be balanced against the capacity within the regional supply chain to meet demand, so capturing a greater proportion of the value of a project in the Highlands and Islands. This balance should be struck such that projects are accessible to a competitive range of local businesses. We will work with our area teams to ensure supply chains develop to a position from which they can meet demand.
- 5.33. Procurement requirements should be evaluated on a project-by-project basis to reflect the individual circumstances of each property project – geography, local economy, regional strategy etc.
- 5.34. Procurement of goods and services will support and promote our Gaelic Plan, to value and promote the use of Gaelic within our organisation, for example in building naming, signage and wayfinding.
- 5.35. We will encourage and support local businesses to adopt innovative practices, towards the development of a mature, innovative and competitive supply chain in the Highlands and Islands and across Scotland. We will promote community wealth building and local supply chain development, including through our existing partnership with the Construction Scotland Innovation Centre.

## SECTOR-BASED OPPORTUNITIES

### A) KEY OPPORTUNITIES FOR HIE

#### COMMERCIAL AND INDUSTRIAL USES

- 5.36. Investment in commercial and industrial units will be aligned with strategic growth industries in order to support a sustainable and high-value economic recovery, such as clean manufacturing.
- 5.37. Non-bespoke commercial and industrial units will be planned to be flexible, with the option of retrofitting to suit new uses (including services capacity). Traditional ways of working may no longer be the most suitable or attractive approach in some places. Conversion and changes of use will be undertaken where suitable.
- 5.38. We will proactively seek to develop plans for new commercial and industrial units at our development sites, including planning permission, in order to react quickly to meet emerging demand, secure investment in the region and assist with sales.

#### ENERGY

- 5.39. We will continue to support the offshore wind, wave and tidal energy generation sectors. Investment in property will continue to be an important part of this support.
- 5.40. We will support for our property portfolio the adoption of sustainable heating systems, as detailed in the Heat in Buildings Strategy 2021.
- 5.41. We will provide support to develop supply chains for sustainable energy technologies, including wind, wave and tidal generation, and sustainable heating systems.

#### BLUE ECONOMY

- 5.42. We will invest in property to support the growth of companies and jobs across the Blue Economy supply chain, accelerating innovation, supporting infrastructure and informing skill development needs. This could encompass aquaculture, fishing, offshore renewables, oil and gas, life sciences and tourism. An example of where this has already been done is seen at the European Marine Science Park.

#### TOURISM

- 5.43. Tourism is an important sector across the Highlands and Islands, providing up to 15% of employment across the region, well above the national average of 8%. We will continue to support this sector, which directly supports economies across the region, including remote and rural communities
- 5.44. We will work together with businesses, communities and stakeholders to responsibly develop successful and sustainable tourism destinations, investing in skills, partnerships, and infrastructure, where there is clear market failure.

#### SCIENCE AND TECHNOLOGY

- 5.45. Incubators foster clusters of knowledge and expertise, which are instrumental in stimulating a high-value, sustainable economic recovery. It is anticipated that future demand may focus on technical facilities, such as laboratory space, rather than offices. We will pursue opportunities with industry bodies for the delivery of incubator facilities for high-tech engineering companies and green technology companies.

#### SPACE

- 5.46. We will continue to work with local and national stakeholders to pursue opportunities for our region, noting the strategic importance in turn for Scotland, and wider UK.
- 5.47. We will continue our support for a variety of space-related opportunities across our region, including Space Hub Sutherland, Orbex in Forres, Machrihanish Airbase in Argyll, the Shetland Space Centre, and Spaceport One at Scolpaig in North Uist, supporting the overall growth ambitions both nationally and internationally.

#### FOOD AND DRINK

- 5.48. We will continue to support the food and drink sector by investing in property to support the development and growth of companies, brands and jobs in the region. This could encompass established sectors including seafood and fisheries, distilleries, breweries, meat and dairy, as well as nascent opportunities including seaweed processing for human consumption, cosmetics, animal feed and plant feed.

## **B) SUPPORTING AND INFLUENCING OPPORTUNITIES FOR HIE**

### **TRANSPORT INFRASTRUCTURE**

- 5.49. Upgrades to road networks, such as the proposed improvements to the A83, have the potential to change the dynamic of whole areas. HIE will work as influencers in this sector to support and enable development, given the central importance of good, functioning transport infrastructure to the region.
- 5.50. In recent decades we have invested in ports and harbours across the Highlands and Islands. While some of these projects have reached their conclusion, we will continue to invest or divest where appropriate. We will play a role in forthcoming projects such as the deep-water port at Stornoway, and major projects at Portree and Uig Harbours. We are working with Highlands and Islands Airport Ltd and the Highlands and Islands Transport Partnership on the feasibility of expansion of the airfield at Broadford Aerodrome, Skye. We will continue to work on this project and others to improve air transport infrastructure across the region where this is deliverable.

### **HOUSING**

- 5.51. There are housing shortages across every area in which we operate. Adequate provision of housing across the Highlands and Islands has a direct relationship to our ability to perform our mission. We therefore have a role in influencing housing development which will support our key objectives. The availability of good quality, affordable housing which meets local demand, particularly outside of larger settlements, is necessary for us to be able to realise the full impact of our investments in economic development across the region.
- 5.52. We will seek to support and influence partners in developing housing across the region. There are a number of examples as to how this might be done: investigating opportunities for mixed use developments; exploring opportunities for live/work units; Community Asset Transfers; and land sales. We will not take a lead role in the direct development or funding of housing but may collaborate, partner or work to influence others according to a flexible approach which may be modified over time to meet local needs.

### **EDUCATION**

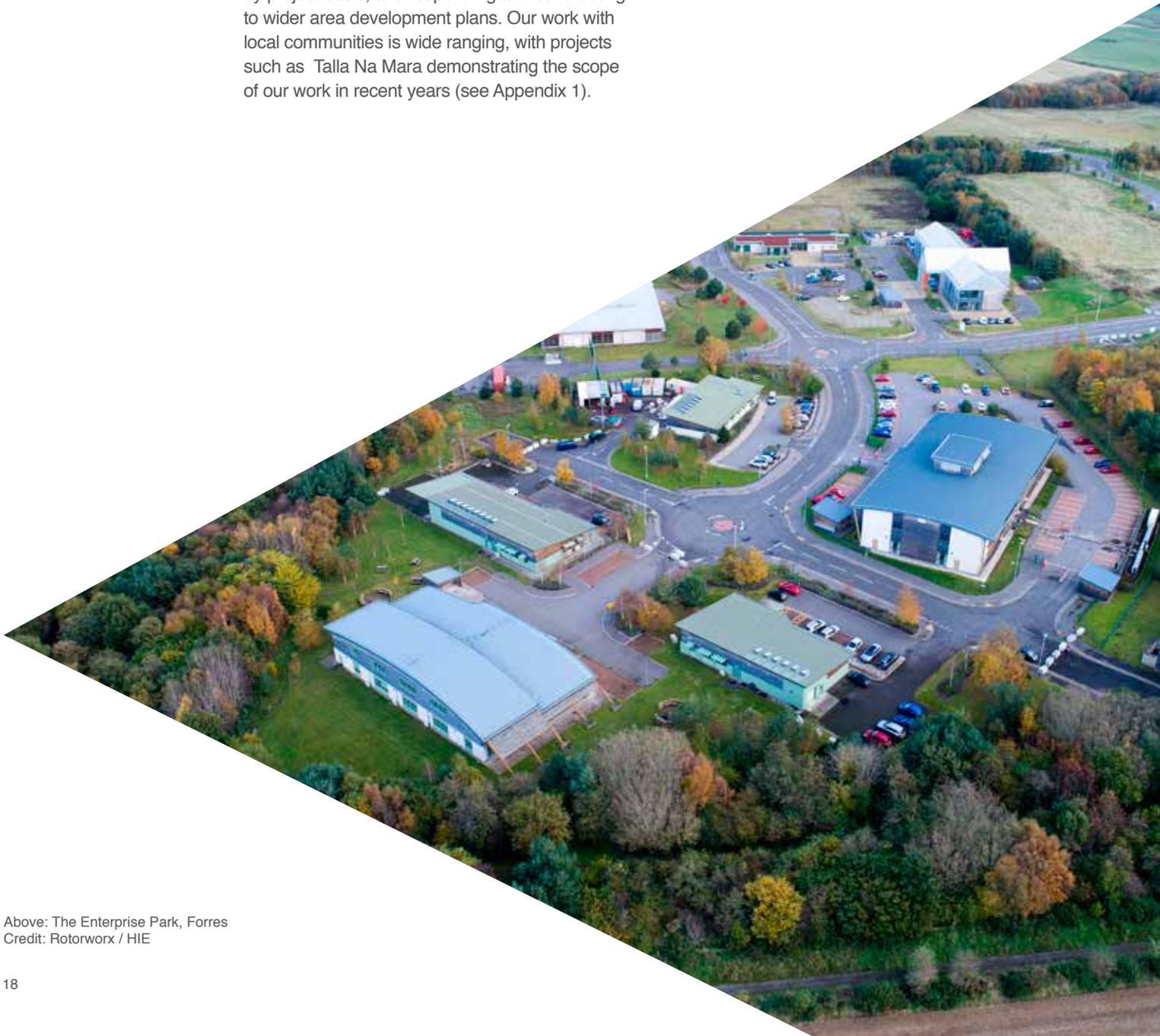
- 5.53. We will encourage the delivery of student accommodation to support tertiary education across the Highlands and Islands, but will not develop or fund student accommodation directly.
- 5.54. HIE will work with and otherwise support specialist education providers, but will not directly lead on the development of educational facilities in the region. Examples of this approach include HIE's support for the establishment and growth of the European Marine Science Park at Dunstaffnage, the establishment of Inverness Campus which includes Inverness College UHI, the growth of the Orkney Research and Innovation Campus which includes space occupied by Heriot Watt University, and support for Argyll College, University of the Highlands and Islands.
- 5.55. We may also partner on mixed-use projects with an educational component, such as our partnership with the University of Aberdeen and the NHS at the Centre for Health Sciences, Inverness.

### **PROJECT-BASED OPPORTUNITIES**

- 5.56. Building on the knowledge within our area teams, we have prepared a draft Infrastructure Plan (IP) to illustrate the breadth of strategically important property projects currently in progress or planning. The first draft of the IP is attached as Appendix 2. It will be updated on a real-time basis and subject to regular review on the basis of area intelligence to determine the viability of likelihood of projects progressing, and will assist in future capital expenditure and resource planning.
- 5.57. Projects will be prioritised under the following criteria:
  - Alignment with operating plan priorities
  - Job creation reflecting geographic priorities
  - Economic impact
  - Resources available

## 6. THE IMPORTANCE OF ENGAGEMENT AND PARTNERSHIP

- 6.1. One of our biggest strengths is our network of employees, partners and collaborators from across the Highlands and Islands. Our wider Business Infrastructure Team is distributed across the region, working from nine locations. We often collaborate with partners including local authorities, community development trusts, local employers and community groups and we will continue to provide expertise, specialist skills and/or capacity to our partners to facilitate the delivery of projects.
- 6.2. Drawing on our area teams, we will continue to engage at a local and regional level to ensure that projects are best placed to meet local need and enable local industries and communities to thrive. This will include engagement with local authorities in the statutory planning process both on a project by project basis, and responding and contributing to wider area development plans. Our work with local communities is wide ranging, with projects such as Talla Na Mara demonstrating the scope of our work in recent years (see Appendix 1).
- 6.3. Partnerships will include:
- Collaboration with public, private and third-sector organisations, including community trust organisations.
  - Emphasis on HIE being a provider of expertise, project management and supporting capital rather than delivering major and costly projects on its own.
  - Working with smaller place-based organisations such as local community trusts, housing associations and businesses, all of which are important potential partners.



Above: The Enterprise Park, Forres  
Credit: Rotorworx / HIE

# 7. FUNDING, RESOURCES AND IMPLEMENTATION

- 7.1. As noted elsewhere, the changed funding landscape and a new urgency to intervene in the context of the climate emergency, the post-Covid recovery and the post-Brexit policy environment, makes partnership essential, particularly with public sector bodies.

## RESOURCES - FINANCIAL

- 7.2. As with many areas of HIE's operational activities, allocating specific in-year financial budgets for Business Infrastructure investment would constrain the organisation's ability to respond to opportunities that emerge elsewhere across the agency. The aim of the strategy will therefore be to identify and where possible develop detailed planning for a range of capital investment opportunities that reflect HIE's Operating Plan priorities and are in line with agency's resource prioritisation and intervention principles, have an equitable geographic spread across our communities, consider affordability and best value.

- 7.3. As the primary reason for our involvement with property is to support the growth of the region in line with our Operating Plan, generation of rental income is a secondary benefit of our property support. It is however an important source of income in HIE's budget, and as such opportunities to maximise commercial rental income should be considered.

- 7.4. As part of any capital investment planning process, HIE should ensure that all funding and financing opportunities are explored such that the organisation is able to maximise the leverage its own funding can bring in alongside other funding partners or sources of capital and revenue. In this way, it can satisfy itself that it has extended the benefit of its own direct funding support as far as practical. It is possible that a regional approach is appropriate here, where certain locations are more readily able to provide opportunities for a partnership approach to delivery and so HIE's role is more as partial enabler than as lead investor and developer.

- 7.5. In light of major changes in funding options we will initiate work to explore alternative models for funding so that this intelligence can then be available to apply to project-specific proposals as and when they are promoted. In the past, European Union funding has assisted the development of a range of property projects across our region. With the post-Brexit loss of this source of support, efforts must be intensified to source alternatives. It is acknowledged that each individual project carries its own unique characteristics, but guidance at a strategic level

around the funding options and structures that HIE could contemplate advancing in particular circumstances will be of value to the organisation. This exercise should cover a range of partnership opportunities, post-Brexit funding, partnerships with organisations such as Scottish Futures Trust and the Scottish National Investment Bank, as well as third party private investment. The review will also examine what the range of funding models may look like for a given project e.g. direct capital investment, new and emerging Government funding, direct or indirect loan funding, approaches to differential interest rate application, as well as joint venture structures where HIE is a joint contributor with other public or private sector parties, and where the implications for this joint approach are fully assessed and understood.

- 7.6. HIE can draw upon its own experiences of different funding models as part of this process, with examples including the creation of the LLP joint venture to deliver the current phase of development at the Orkney Research and Innovation Centre, and then more recently, with the emerging work alongside the Scottish Futures Trust in looking to deliver a multi-functional public sector Hub facility in Portree.

## RESOURCES - STAFF

- 7.7. The Business Infrastructure Team comprises a core team of experienced staff with oversight over all HIE's direct property and much of our infrastructure-related investment across our region. This team is supported by a network of nine area team-based colleagues who have experience and responsibility for property-based projects in their locations. This wider team meets on a regular basis, co-ordinating and exchanging information and best practice and collectively, through a 'matrix management' approach, will be responsible for delivering the new Property Strategy and associated projects. However, Property as a tool for sustainable economic and community development, is used by staff across the wider agency.

## IMPLEMENTATION

- 7.8. Property projects will be delivered in a number of ways, according to the nature of the project. These will include the following implementation models:

- We build for third parties
- We build jointly with other partners
- We support others to build

## 8. MEASURING AND REVIEWING THE IMPACT

- 8.1. The principal ten recommendations as laid out in paragraph 1.5 form the essence of what the strategy seeks to deliver. We will set a range of benchmark targets for achievement across as many of these recommendations as is reasonable, and monitor progress on an annual basis with a more formal review set for years three and five of this strategy.
- 8.2. We note that capital investment brings benefits beyond the number of jobs and floorspace created, particularly in remote areas, and so the metrics by which we will measure performance will include but not be limited to the following:
- area of land developed and m2 space;
  - by HIE;
  - by third parties benefiting from HIE support, such as business spaces delivered by a community trust, or private developers supported by HIE;
  - percentage of portfolio achieving low carbon and net zero standards;
  - jobs created in areas of need;
  - high value jobs created;
  - projects developed in partnership/leverage; and
  - projects delivered on time and on budget.
- 8.3. Our success will be measured both in terms of broader impact and according to our progress against the following targets:
- We will consider all disposal options for the current commercial portfolio. Based on a comprehensive portfolio review, we will establish which assets should be retained and which should be disposed of, and undertake a planned programme of upgrading the remaining properties (focusing on those buildings constructed post-2010) in line with our aspirations to be carbon neutral by 2040 methodologies and appropriate benchmarks for this will be explored and implemented with targets set for 2040.
  - All new commercial buildings will be designed and constructed in line with HIE's aspirations to be carbon neutral by 2040. Again, methodologies and appropriate benchmarks for this will be explored and implemented, with targets set for 2040.

Below: Fairmile House, Sandbank Business Park, Near Dunoon.



## 9. ACTION PLAN

- 9.1. Our strategy sets out the principles which will guide our involvement with Property and Infrastructure development across the region.
- 9.2. The following activities will be key to the implementation of this strategy. We have adopted an area-based approach to our action plan, which has been developed based on ongoing consultation with our area teams and close analysis of local needs. We will develop a prioritised action plan which will include clear goals and timescales for completion and will be reviewed on an ongoing basis dependent on local and regional priorities. The activity plan will be regularly reviewed:
  - Review the property portfolio and consider all options for disposal. This exercise will take into account the factors set out in paragraph 4.4 in deciding HIE's future approach.
  - Review the impacts of a HIE-owned property portfolio and include these considerations in future property decisions. The focus of the review will be on how best we can achieve our objectives for the region through property development. Impact shall be viewed holistically with a wider focus than final value and income generated.
  - Review our property management approach.
  - Develop a plan to embed net zero within our development, management, procurement and investment decisions.
  - Research external funding opportunities with a view to identifying potential sources through partnerships, private sector and targeted grants e.g to fund climate change initiatives. We plan to carry out this as an initial high level review to understand possible funding structures and opportunities.
  - Continue to develop and review a table of prioritised pipeline projects across the region – our Infrastructure Plan (IP). The IP will be updated on an ongoing basis, presenting regularly to Leadership Team.
  - Develop a practical and accessible matrix to measure performance.
  - Review our approach to marketing of our property portfolio and opportunities.
  - Establish a clear process for HIE responses to local development plans.
  - Develop a scoring methodology to guide how properties are let and to whom. We will develop a methodology to ensure that buildings and land are made available to occupiers with the best potential for economic and community development, balancing economic and community benefit and financial return, and ensuring that they are used for the benefit of the region.

# APPENDICES

# APPENDIX 1 - HIE PROJECT CASE STUDIES

Throughout our history, we have made a demonstrable contribution to the Highlands and Islands through our property projects. This work is defined by its variety and range which we have attempted to illustrate in the following for case studies:



Robert Rendall Building, Orkney Research and Innovation Campus



Centre for Health Science, Inverness

## **Orkney Research and Innovation Campus**

A joint venture between HIE and Orkney Islands Council (OIC) part-funded by the European Regional Development Fund Scotland Programme 2014-2020, the Orkney Research and Innovation Campus (ORIC) is a centre for innovation in marine renewables, energy and low carbon technologies, located in Stromness. Since its incorporation in 2017, the campus has been transformed by a significant programme of works to increase capacity and provide new facilities. In total, around 145 people from 15 countries work or study at ORIC, with tenants including Heriot-Watt University's International Centre for Island Technology, the European Marine Energy Centre, Robert Gordon University, Aquatera, an environmental consultancy, and SMS, a smart grid company. A second phase of development is now underway, which will increase capacity to support growth in low-carbon industries, promote research and innovation, and create quality jobs to support and sustain Orkney's economy. HIE's partnership with OIC was instrumental in the success of this development. We have been the lead organisation in the delivery of the project to date, including procurement and project management. Our experience has helped with the smooth delivery of the project and our financial and human resources have unlocked a scheme that would otherwise have been beyond the scope of the local authority to deliver.

## **Centre for Health Science, Inverness**

Completed by HIE in 2009 on a site adjacent to Raigmore Hospital in Inverness, the Centre for Health Science (CfHS) is a multi-user biomedical education, training, research and business incubation facility. Supported by the use of EU funds, it was designed to support the growth of the life sciences sector of the Highlands and Islands and provide a venue for public, private and academic organisations to work together in a single space, so to encourage research and commercial collaboration. Tenants have included research groups from Lifescan, a medical research and manufacturing company, the University of the Highlands and Islands (UHI), the University of Aberdeen, Stirling University and the NHS.

The project has been a success, with two further phases added to the building to accommodate demand. The CfHS was instrumental in retaining a major health science employer in the Inverness area, and has generated significant GVA throughout its construction, operation and catalysis of future activity. In 2019, having completed the project and helped to establish a life sciences sector in the region, HIE sold the property to UHI.



Malin House, European Marine Science Park, Argyll



Business units at Eabhal Business Park, Balivanich.

#### **Malin House, European Marine Science Park, Argyll**

In 2010 HIE commenced the first phase of a new European Marine Science Park (EMSP) at Dunstaffnage. Supported through the use of EU funds, the development was located on a site adjacent to the Scottish Association for Marine Science (SAMS), an independent marine science research organisation associated with the University of the Highlands and Islands. The purpose was to nurture the growing cluster of marine research activity at Dunstaffnage through the provision of office and laboratory space to accommodate business growth associated with SAMS.

The first building, Malin House, was completed in 2013, with the first floor fitted out as office space. Malin House offers a range of space from small hot-desks and incubator offices to larger office suite and labs. In February 2021 we announced additional works to fit out the ground floor of Malin House as laboratory and office space, and to enable investment in groundworks, road development and car parking to support the next three buildings planned for the site.

Our investment at the EMSP provides businesses with easy access to research expertise, knowledge and experience, as well as a talent pool of marine science graduates. This investment, which has required patient capital while demand has matured for laboratory and business space, would not have been made by a private sector organisation. The benefit to the region has been significant, resulting in high-value employment and a growing regional supply chain which serves the marine science companies working from the Science Park.

#### **Eabhal Business Park, Balivanich**

We have recently completed the first phase of a transformative investment to establish Eabhal Business Park, a new-built business development of five individual office/light industrial units for rent, totalling 244m<sup>2</sup> of floorspace. The project, which is located in Balivanich, the main settlement in Benbecula, at Benbecula airport, meets a pressing local need for business accommodation. Four of the five units are now tenanted with one presently under offer, with a second phase now in design.

Constructed at a cost of approximately £1m, against an end-value of around £130,000 this development acutely demonstrates HIE's role in meeting market failure by providing business space in locations where otherwise commercial developers could not create a profitable development. The rapid pace of development, with the second phase of the project launched within 12 months of the completion of the first, is testament to the unmet demand for business and light industrial units in the Outer Hebrides.



Talla na Mara Centre, Isle of Harris, Outer Hebrides.  
Credit: West Harris Trust / Margaret Soraya Photography

### **Talla Na Mara, Harris**

In 2010 the West Harris Trust, a community company with open membership to all residents, became the first community to purchase its crofting estate from the Scottish Government through the Community Empowerment Act.

Key amongst Community Trust objectives was supporting an increase in population and providing business premises to attract and keep people in the area. The trust became an account managed organisation with HIE and developed a long-term relationship to help growth and support achievement.

The development of Talla Na Mara, a multi-purpose community building, has been key to what the Trust has achieved over the past years. Talla Na Mara is an events venue and hub for the area; a modern design building in a stunning location over-looking some of Harris finest beaches. It's also a base for small businesses and the development includes much needed affordable housing. HIE's support of the development included early stage planning for business and technical advice

Partnership funding for the project came from the Scottish Government, The Big Lottery Fund, Comhairle nan Eilean Siar, HIE, Coastal Communities Fund, The Robertson Trust, Scottish Hydro Electric Community Trust and an in-kind contribution from the West Harris Trust.



Unst Partnership acquired Unit 1 at Hagdale Industrial Estate in 2018, at Unst, Shetland. Credit: Photo © Mike Pennington (cc-by-sa/2.0)

### **Unst Community Asset Transfer**

Since 2017 communities have a right to make an Asset Transfer Request as set out in the Community Empowerment (Scotland) Act 2015. The Act makes it easier for Scottish communities to take over land or buildings that are currently in public ownership. Communities can ask to buy or lease the assets or have other rights such as to occupy or use them for a specific purpose while clearly benefitting the community represented.

In 2018 Unst Partnership in Shetland became the first community to benefit from acquiring a publicly owned asset from HIE.

The Partnership bought a building, which it had previously leased, at under the market valuation in recognition of the additional community benefits delivered.

The Unst Partnership refurbished the building to create a recycling facility and second-hand shop as well as a new part-time post to help run it. Ownership of the building provided the partnership with a stronger asset base which will help safeguard other projects that it supports. The Unst Partnership was set up in 2000 to regenerate the island of Unst following the closure of Unst Airport and the Ministry of Defence's decision to scale down operations at RAF Saxa Vord.

## APPENDIX 2 - INFRASTRUCTURE PLAN

The Infrastructure Plan is split into two main categories, pipeline and approved projects. The pipeline projects are shaded in blue denoting those projects that Area/Business Teams are developing but are still to be approved at an appropriate delegate authority.

The aspiration would be to see these projects progress from pipeline to a commitment over the next review period.

Ref	Project Name / Brief Description	Value	2021/22	2022/23	2023/24	2024/25
Argyll & The Islands						
1	European Marine Science Park (EMSP) Phase 2 Infrastructure - Upgrading of Kirk Road, car parking and site servicing.	£2.7m	£2m	£700,000		
2	(EMSP) Malin House - GF Fit Out to create laboratory and office accommodation	£1.5m	£1.5m			
3	Design & Consenting of Small Business Units at Sandbank Business Park, Dunoon	£100,000	£50,000			
4	Construct Small Business Units - Sandbank	£1.5m		£1m	£500,000	
5	(EMSP) Malin House - Review of space on first floor	£50,000	£50,000			
Caithness & Sutherland						
6	Design & Consenting of Small Business Units at Golspie and Wick Business Parks.	£200,000	£150,000			
7	Construct Small Business Units - Wick Business Park	£2m		£1.5m	£500,000	
8	Thurso Business Park – possible expansion for additional site to the West	£3m				£3m
9	Review of land requirements in Caithness & Sutherland	£150,000		£150,000		
10	Conversion of Units at Wick Business Park into Industrial Use	£80,000		£80,000		
11	Potential STEM Project - Feasibility Study with NHC and NHC to be undertaken in conjunction with proposed NHC development	£2.1m			£100,000	£2m
Inner Moray Firth (including Inverness Campus)						
12	Plot 14 Inverness Campus Infrastructure - Design & Consent	£150,000	£150,000			
13	Plot 14 Inverness Campus Infrastructure - Works	£750,000	£250,000	£500,000		
14	Newton Room – Inverness (Inverness Campus Plot 14)	£400,000		£400,000		
15	Plot 15 Inverness Campus – Loop Road (Design & Consent)	£25,000	£25,000			
16	Life Sciences Innovation Centre (LSIC) - Works	£9.5m (Total Project – £4.8m HIE)	£2.2m	£2.6m		
17	Plot 15 Inverness Campus – Loop Road (Works) and site servicing of plots	£1.4m			£1m	£400,000
18	Advanced Technology Building – Plot 6 Inverness Campus - (Design & Consent)	£500,000		£500,000		
19	Inverness Airport Business Park (IABP) – Possible site development - Phase 1 Design & Consent	£500,000		£500,000		
Innse Gall						
20	Arnish – Seawall repairs	£300,000	£300,000			
21	Arnish – Cranes	£150,000	£15,000	£135,000		
22	Arnish – Shot blast waste – removal	£790,000			£400,000	£390,000
23	Arnish - Quay	£240,000				
24	Arnish Road Upgrade	£3.8m	£200,000		£2m	£1.6m
25	Design and consenting of Small Business Units at Eabhal Business Park (Phase 2), Balivanich	£145,000	£100,000	£45,000		
26	Balivanich Phase 2	£1.0m		£650,000	£350,000	
27	BASF Consumable Storage Warehouse	£1.8m	£600,000	£1.2m		

	LSWR					
28	Design and consenting of Small Business Units at Broadford Industrial Estate	£150,000	£150,000			
29	Construct Phase 1 of Small Business Units at Broadford Industrial Estate	£1.5m		£1m	£500,000	
	Moray					
30	Design & Consent for Small Business Units at The Enterprise Park Forres (EPF)					
31	EPF Small Business Units - Works	£650,000	£250,000	£400,000		
32	(EPF) Horizon Scotland Pods (Phase 1 - infrastructure and 4 pods; phase 2 - 4 additional pods)	£175,000	£50,000	£125,000		
33	Lossiemouth Aerospace Campus (MAATIC)/MICM - Design and Consent (Collaborative project with Moray College whereby HIE grant assists Moray College £2.0M, Moray College currently covers design costs as part of HIE's contribution). Phase 1	£3m		£3m		
34	MAATIC / MICM - Phases 2 and 3				£2m	£2m
35	Orbex Building - Development Site 4 EPF - Design and Consenting	£500,000	£200,000	£300,000		
	Orkney					
36	ORIC - Islands Phase 3 - Islands Deal	£13.3m HIE contribution £2.65m		£500,000	£1m	£1.15m
	Shetland					
37	Staney Hill Industrial Estate, Lerwick (Works – Phase 1) Design & Consent	£5m			£3m	£2m
	HIE Wide					
	Northern Innovation Hub					
38	Food & Drink	£2m				
			£8.24m	£14.785m	£10.35m	£11.39m



[www.hie.co.uk](http://www.hie.co.uk)  
[info@hient.co.uk](mailto:info@hient.co.uk)

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