



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

ACTION FOR JOBS  
AND COMMUNITIES

OPERATING  
PLAN 2021



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Cover images, clockwise: WES managing director Tim Hurst and Mocean managing director Cameron McNatt with the Mocean Energy's Blue X unit; Finlay MacDonald, Chocolates of Glenshiel; SAMS Seaweed Farm - photo credit: Alasdair O'Dell/SAMS; and Calanais Visitor Centre, Isle of Lewis



# FOREWORD

## RO-RÀDH



**ALISTAIR DODDS CBE**  
Chair



**CHARLOTTE WRIGHT**  
Chief executive

The scale and severity of the economic challenges triggered by the COVID-19 pandemic in 2020-21 have been felt around the world. Within the UK, the impact on rural businesses and communities has been considerable.

Against that background, this plan sets out HIE's approach to respond to these challenges, strengthen the resilience of our regional economy and accelerate sustainable recovery in every part of the Highlands and Islands.

Jobs and communities are our prime focus, whether we are delivering projects at our own hand, investing to support third parties, or working collaboratively with local and national partners to help create a better future for our region and its people.

More than ever, this past year has reminded us of the importance of community spirit, of the contribution our hard-working businesses make across the Highlands and Islands, and how capably we can adapt and innovate in a crisis.

Our agency has played an important dual role: urgently administering additional government funding to hard-pressed businesses and communities, while also continuing our mainstream delivery of funding and advice to support customers and drive forward key projects, both with partners and at our own hand.

Our initial emphasis must be on resilience, restart and recovery, in the context of both the pandemic and the changes introduced by the UK's exit from the European Union. However, it is also vital that we continue to pursue and develop opportunities to deliver significant growth in the medium to long-term, especially in our islands and rural mainland areas.

Doing so will require us to use our resources wisely and be a passionate advocate for the Highlands and Islands, with a duty to influence a range of decision makers and attract additional investment, including government funding.

At the same time as supporting our hardest hit sectors, such as tourism and food and drink, we will maximise the value of our natural capital to deliver a green recovery that enables a just transition to net zero carbon emissions. Areas identified for action include opportunities in low carbon, space, renewable energy, and the wider marine economy around our islands and mainland coasts.

The region's prosperity, as always, also depends on population growth, which makes good quality job creation, fair work and higher education for our young people absolutely critical.

The pandemic has underlined the importance of digital connectivity to underpin the region's resilience and recovery. With home and remote working now a practical option for many jobs, the proactive use of digital tools can be used to promote the Highlands and Islands as THE place to be, attracting new talent and strengthening communities and the workforce.

Our development of this plan has been informed by the past year's experiences, by the views of our customers and partners, and by our vision and ambition for this region, which remain as strong as ever. We look forward to implementing it in ways that benefit all parts of the Highlands and Islands and ensure our region plays a full role in Scotland's economic recovery.

## RO-RÀDH FOREWORD



*Alistair Dodds*

**ALISTAIR DODDS CBE**  
Cathraiche



*Charlotte Wright*

**CHARLOTTE WRIGHT**  
Àrd-Oifigear

Tha meud agus teanntachd nan dùbhlann eaconamach a chaidh a phiobrachadh le galar-sgaoilte COVID-19 ann an 2020-21 air am faireachdainn mun cuairt an t-saoghail. Taobh a-staigh na RA, tha a' bhuidheann air gnothachasan agus coimhearsnachdan dùthchail air a bhith gu sònraichte cronail.

Mu choinneamh a' chùl-raoin sin, tha am plana seo a' mìneachadh modh-obrach HIE mar fhreagairt do na dùbhlann sin, fulangas ar eaconamaidh roinneil a neartachadh agus ath-shlànachadh seasmhach a ghreasad anns gach ceàrnaidh den Ghàidhealtachd agus na h-Eileanan.

Tha sinn a' cuimseachadh gu mòr air obraichean agus coimhearsnachdan, eadar gu bheil sinn a' liubhairt phròiseactan sinn fhìn, ag inbheisteadh mar thaic do threas phàirtidhean no a' co-obrachadh le com-pàirtichean ionadail agus nàiseanta gus cuideachadh le àm teachdail a chruthachadh do ar sgìre agus ar muinntir.

Barrachd na bha a-riamh, tha a' bhliadhna a chaidh seachad air cur nar cuimhne cho cudromach 's a tha spiorad coimhearsnachd, na tha ar gnothachasan a tha ag obair cho cruaidh a' cur ris an eaconamaidh air feadh na Gàidhealtachd 's nan Eilean, agus cho comasach 's a tha sinn air atharrachadh agus air ùr-ghnàthachadh ann an suidheachadh èiginn.

Tha am buidheann againn air pàirt cudromach dùbailte a ghnìomhadh: a' riarachadh maoinachadh a bharrachd bhon riaghaltas ann an cabhaig do ghnòthachasan agus do choimhearsnachdan fo chruaidh-fheum, agus aig an aon àm a' leantainn a' riarachadh maoinachadh prìomh-shruthach agus comhairle mar thaic do theachdaichean agus a' stiùireadh air adhart le prìomh phròiseactan, an dà chuid le com-pàirtichean agus le ar gnìomhadh fhìn.

Feumaidh sinn a-nis cuideam sa chiad àite a chur air fulangas, ath-thòiseachadh agus ath-shlànachadh, ann an co-theacsa na dà chuid an galar-sgaoilte agus na h-atharrachaidhean a thàinig mar thoradh air an RA an t-Aonadh Eòrpach fhàgail. Ach, tha e deatamach gun lean sinn air adhart a' sireadh agus a' leasachadh chothroman gus fàs cudromach a liubhairt sa mheadhan-ama gu an fhad-ama, gu h-àraid nar n-eileanan agus nar sgìrean dùthchail air tìr-mòr.

Le bhith a' dèanamh sin, feumaidh sinn ar stòrasan a chleachdadh ann an dòigh chiallach agus a bhith a' tagradh gu dìoghrasach às leth na Gàidhealtachd agus nan Eilean, le dleastanas air buaidh a thoirt air raon de luchd cho-dhùnaidhean agus inbheisteadh a bharrachd a tharraing, a' gabhail a-steach maoinachadh an riaghaltais.

Aig an aon àm ri bhith a' cur taic ris na roinnean as èiseile againn, leithid turasachd agus biadh is deoch, meudaichidh sinn luach ar calpa nàdarra chun na h-ìre as àirde gus ath-shlànachadh uaine a libhrigeadh, a chomasaicheas eadar-ghluasad dlìgheach gu sgaoileadh càrboin le co-chothrom aig ìre neoini. Am measg raointean a tha comharraichte airson gnìomhadh, tha cothroman ann an càrbon ìosal, fànas, cumhachd ath-nuadhachail, agus an eaconamaidh mara farsaing mu thimcheall ar n-eileanan agus ar costaichean air tìr-mòr.

Tha soirbheachas na sgìre mar a bha an-còmhnaidh, an eisimeil fàs ann an àireamh-sluaigh, a bhios a' dèanamh cruthachadh air obraichean àrd-chàileachd, obair chothromach agus foghlam àrd-ìre do ar daoine òga, gu tur deatamach.

Tha an galar-sgaoilte air cudromachd co-cheangailteachd dhìdseatach a thoirt am follais, gus fulangas agus ath-shlànachadh na sgìre ath-neartachadh. Le obair bhon dachaigh agus obair aig astar a-nis na roghainn dèanadach a thaobh mòran obraichean, faodaidh innealan didseatach a bhith air an cleachdadh gu for-ghnìomhach gus a' Ghàidhealtachd agus na h-Eileanan adhartachadh mar AN t-ÀITE a bu chòir a bhith, a' tarraing tàlant ùr agus a' neartachadh choimhearsnachdan agus an sgioba-obrach.

Tha ar leasachadh air a' phlana seo air fhiosrachadh tro eòlasan na bliadhna a chaidh seachad, tro bheachdan ar teachdaichean agus ar com-pàirtichean, agus le ar lèirsinn agus àrd-amas don sgìre seo, a tha a' seasamh cho làidir 's a bha iad a-riamh. Tha sinn a' coimhead air adhart ri sin a thoirt gu buil ann an dòighean a bhios nam buannachd do gach pàirt den Ghàidhealtachd agus na h-Eileanan, agus a' dèanamh cinnteach gum bi pàirt iomlan aig an sgìre againn ann an ath-shlànachadh eaconamach na h-Alba.



## OUR VISION AND FOCUS AR LÈIRSINN AGUS FOCÀS

The ongoing impacts from the pandemic and exiting the EU will influence our approach particularly in early months of the year. **Co-operative and creative collaboration** with key partners will be critical to move the region from response to economic recovery.

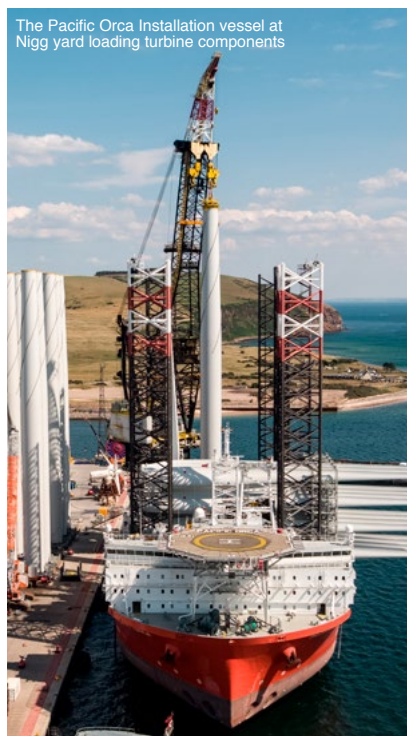
Undoubtedly the further key drivers of change – the climate emergency, technological advancement along with demographic change, especially in our islands and more remote areas – require an immediate and radical response: changing how and what we deliver and the potential to bring many positive benefits to the region.

We are committed to a **green and inclusive recovery** that strongly reflects the needs and opportunities of our region and its islands, communities and businesses. Our focused approach this year will be to:

- Support the hardest hit sectors, such as tourism and food and drink, to **retain and create jobs and bounce back stronger** in the island, rural and disadvantaged communities most impacted by COVID-19 and Brexit.



Openreach, Engineer, South Whiteness, Shetland



The Pacific Orca Installation vessel at Nigg yard loading turbine components

- Grow businesses and communities that are **resilient, innovative and adaptable** to the ever-changing and uncertain economic environment, **creating new and fairer jobs** and building the region's resilience and long-term recovery.
- Accelerate progress in the **just transition to net zero** that provides opportunities for communities and businesses and **creates green jobs**.
- Pursue **new employment growth opportunities** in evolving sectors such as life sciences, energy, space and the marine economy, where our region has natural, place-based advantages.
- Support investment in **enabling infrastructure** that will help underpin and bolster recovery efforts and is critical to population and talent attraction and retention.
- Support **young people** and other impacted groups, enabling their contribution to regional growth and building **labour market resilience** to ensure a regional economy fit to embrace the myriad of challenges and opportunities ahead.
- Build an inclusive and wellbeing economy through the principles of community wealth building and **place-based approaches and the promotion of fair work**, reaching all parts of the region, increasing income levels and tackling inequalities.

**OUR VISION:** The Highlands and Islands is a prosperous, inclusive and sustainable region attracting more people to live, work, study, invest and visit.

To achieve our vision, we will continue to be a **strong advocate** for the Highlands and Islands. We will ensure its needs are clearly understood, and our regional opportunities, especially those arising from our unique natural assets, are actively promoted and optimised. Working closely with our partners, we will continue to argue strongly for universal digital coverage and to maintain access to regional funding befitting of our region's needs.

**Our approach will be structured around three strategic priorities as set out in this Operating Plan to:**

Enable strong, capable and resourceful communities;

Build successful, productive and resilient businesses; and

Create the conditions for growth and a green recovery.

# OUR APPROACH

## HIE'S VISION

The Highlands and Islands is a prosperous, inclusive and sustainable region attracting more people to live, work, study, invest and visit.

## OUR FOCUS

We are committed to a green and inclusive recovery that reflects the needs and opportunities of our region, communities and businesses.



## OUR PRIORITIES

Enable strong, capable and resourceful communities

Build successful, productive and resilient businesses

Create the conditions for growth and a green recovery

## ACTIONS WE WILL DELIVER

- Retain and create jobs and a strong bounce back in hardest hit sectors, as well as island and rural communities where the impacts of COVID-19 and Brexit have been more acute.
- Pursue new employment growth opportunities in our region's evolving sectors, including life sciences, energy, space and marine economy.
- Accelerate progress in the just transition to net zero that provides opportunities for communities and businesses and creates green jobs.
- Providing a strong voice for the Highlands and Islands to ensure its needs and opportunities are clearly understood.
- Support businesses and communities to be resilient, adaptable and innovative and to retain and create new and fairer jobs.
- Build an inclusive and wellbeing economy through place-based approaches and the promotion of fair work.
- Support young people and other impacted groups to contribute to regional growth and build labour market resilience.
- Invest in enabling infrastructure to bolster recovery and retain and attract talent.

## MEASURING PROGRESS

- 700-800 jobs (FTEs) supported, including green jobs
- 100-120 fragile area jobs (FTEs) supported, including green jobs
- Average wage of jobs supported (FTEs) - £26k
- Increase in turnover - £80-£95m
- Increase in international sales - £30-40m
- Increase in social economy turnover - £3-4m
- New/improved income generating community assets, including green community assets - 30-40
- Capital asset investment, including green investment - £60-80m

## DELIVERY WILL BE SUPPORTED BY:

- **Our people** and our values ensure we have the right knowledge, local expertise and approach to deliver our priorities.
- **Investment** focused on disadvantaged areas, islands and our ambitions for green and blue growth.
- Extending our **client base** and improving customer experience through enhanced digital delivery.
- **Collaboration** with local, national and international partners, including the Convention of the Highlands and Islands; Enterprise and Skills agencies; growth deals; industry groups; European and international partnerships.
- Encouraging and embedding **Fair Work** and the transition to **Net Zero** in how and what we deliver.
- **Place-based approach:** area teams across the region; collaboration with community planning partnerships; and growth deal development and delivery.

## CLIMATE CHANGE AND NET ZERO



### 7% OF JOBS

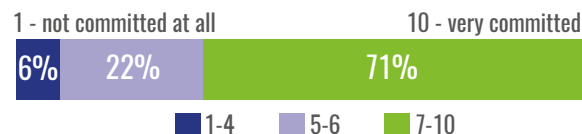
in the Highlands and Islands related to circular economy (Scotland 8%)

### HIGHLANDS AND ISLANDS CO<sub>2</sub> EMISSIONS DOWN 53%

between 2005 and 2018 (Scotland down 35%)



### REGIONAL BUSINESSES COMMITTED TO REDUCING THEIR ENVIRONMENTAL IMPACT



## FAIR WORK AND WELLBEING

### COVID-19 EXACERBATING PRE-EXISTING STRUCTURAL

inequalities across all protected characteristics, with young people disproportionately impacted



### HIGHER EMPLOYMENT IN "SHUTDOWN" SECTORS 23%

Those working in these sectors were (Scotland 19%) almost twice as likely to be in poverty prior to the pandemic

### 46% OF HIGHLANDS AND ISLANDS BUSINESSES

enabled staff to work from home in response to COVID-19 restrictions

## ECONOMY AND LABOUR MARKET



### GLOBAL ECONOMIC OUTPUT EXPECTED TO GROW 6% OVER 2021

### SCOTTISH ECONOMY FORECAST

to grow by 1.8% in 2021, rebounding by 7.5% in 2022. Economic activity may not return to pre-pandemic levels until early 2024



### THE HIGHLANDS AND ISLANDS MORE IMPACTED BY THE COVID-19 PANDEMIC

due to dependency on sectors hardest hit (such as tourism), and recovery will lag behind Scotland

### CLAIMANT COUNT UNEMPLOYMENT RATE 5.3% RATE MORE THAN DOUBLED IN THE YEAR TO MARCH 2021

(Scotland 6.1%)

(Scotland 86% increase)

### UK'S NEW TRADING RELATIONSHIP WITH THE EU PRESENTS AN ADDITIONAL CHALLENGE

for businesses, particularly those in food and drink. Sector makes up 8% of regional employment, compared to 3% in Scotland

### SCOTTISH OVERSEAS EXPORTS ARE FORECAST TO FALL BY £665M IN 2021, THEN RECOVER IN 2022



Inward investment, capital investment and R&D expected to be subdued or scaled back

## DIGITAL TRANSFORMATION



### ADOPTION OF NEW TECHNOLOGIES

and the skills to use them could add £25 billion to Scottish economy over next 10 years

### 83% OF PREMISES

in the Highlands and Islands have access to superfast broadband (95% in Scotland)



### WORKING FROM HOME

in the UK is expected to increase fivefold by 2025, enabled by technology

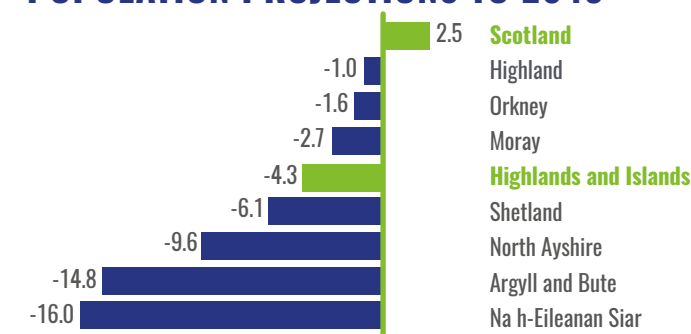
### 54% OF HIGHLANDS AND ISLANDS BUSINESSES

used new or different types of technology to help them operate during the COVID-19 pandemic



## DEMOGRAPHICS AND TALENT ATTRACTION

### POPULATION PROJECTIONS TO 2043



By 2043, 55% of the region's population is projected to be of working age (down from 60% in 2019)

Estimated 50-80% reduction in net EU migration to Scotland after 2020. Lower pay in the region means fewer jobs attainable to migrants due to salary thresholds.

## REGIONAL CONTEXT

### SUIDHEACHADH SGÌREIL

The COVID-19 pandemic in 2020 caused the most severe economic and social shock in modern times and brought monumental change in the way we work and do business, and to the labour market and our health and wellbeing.

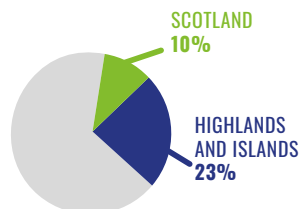
Simultaneously, following the UK's exit from the EU, significant changes impacted businesses that export to the EU or trade with Northern Ireland. The region is particularly vulnerable to the impacts of the exit due to its rurality, with many of our key sectors heavily dependent on migrant labour and/or impacted by the changes to trading conditions and regulation. The potential loss of significant regional funding, fundamental to supporting socio-economic development over the past three decades, is of serious concern.

## VULNERABILITY TO BREXIT



**ALMOST A QUARTER OF SCOTTISH DATAZONES MOST VULNERABLE TO BREXIT ARE IN THE HIGHLANDS AND ISLANDS**

**Source:** Brexit Vulnerabilities Index, of the datazones in Scotland that rank in the 10% most vulnerable to Brexit, 23% are in the Highlands and Islands



The scale and duration of these impacts remain uncertain and as the economy emerges, not all sectors will bounce back immediately as external demand, consumer tastes and business models have changed. However, there are changes that are bringing exciting new opportunities:

- The increasing importance of **authenticity, provenance and heritage** comes with changes in consumer behaviour and need for market differentiation. It will be an opportunity and key driver especially for the region's world-renowned tourism, creative industries and food and drink. There is much potential to be gained from maximising the role of the Gaelic language.
- The **changing labour market** provides an opportunity to address skills gaps especially those required to support the green and blue economies – both areas where our region has major natural and place-based advantages.
- The **University of the Highlands and Islands (UHI)** is in a strong position to assist, particularly in this new environment with their expertise in delivering remote learning since their inception, and specialisms in marine and environmental science. UHI is a significant asset and economic opportunity for the region.
- The region is uniquely placed to take advantage of the current favourable net zero policy environment due to its natural resources, supply chain expertise, physical infrastructure, and early track record in the energy transition. Growing economic value, whilst protecting and enhancing our natural environment, could be game changing for the region. Major potential exists in **Renewables Research, Development and Deployment; development of the Circular Economy; Land use and natural capital; Decarbonisation of Heat; and Marine Biotechnology.**

- Our geography is also unique within the UK, and one of very few regions within Europe, to offer sites that enable launch trajectories to the North Pole over the sea and therefore attractive to the commercial micro-launch market. Opportunities exist in securing substantial inward investment and economic activity from the **space** supply chain into the region, such as launch-related activities, launch vehicle and satellite manufacture and assembly.
- Rapid changes in the use of technology and ways of working brought about by the pandemic is increasing innovation and overcoming barriers and constraints to growth imposed by geography: from remote health care to enhanced digital delivery. There is a real opportunity to build on the momentum through embracing **advanced manufacturing and accelerating a data and digital driven economy.**
- The move to **remote and home working** by many businesses during the pandemic has paved the way for this to become a more permanent way of working. With rural areas consistently rising to the top of quality of life surveys, the region can and needs to attract more people by capitalising on its rich natural environment and strong sense of community in order to offer the work-life balance many are looking for. Addressing challenges in relation to higher costs of living, lower pay levels, access to services and appropriate and affordable housing will be key.

## Highlands and Islands and the Blue Economy

- 61% of UK total coastline
- 96% of UK aquaculture sector
- World-leading expertise in marine science
- Internationally renowned European Marine Science Park in Argyll and Bute



## STRATEGIC CONTEXT

## SUIDHEACHADH RO-INNLEACHDAIL

Our Operating Plan builds on the strategic approach set out by the Scottish Government in its response to the Advisory Group on Economic Recovery report<sup>1</sup>, the Enterprise and Skills Strategic Board<sup>2</sup> and the Logan Review<sup>3</sup> and reflects the interim guidance issued by the Cabinet Secretary for Rural Economy and Tourism.

Fair and green job creation; innovating, enabling and investing in businesses and communities; upskilling; advancing digital and key infrastructure; enhancing supply chain benefits; and taking a strong regional and place-based approach provide the focus. Importantly, there is broad recognition that the response needs to be enveloped in a wellbeing and green recovery – reinforced by the Climate Emergency Response Group and the Just Transition Commission.

The Scottish Government's "[Social Enterprise: Action Plan](#)" and the awaited Blue Economy Action Plan are key frameworks to progress investment in the region. We have been poised to grasp the opportunities for blue growth with many projects featuring strongly in the confirmed and developing Growth Deals. These provide significant investment towards a long-term strategic place-based approach to growing and improving economies within the region. Catalytic projects in manufacturing innovation, blue economy, energy, heritage and culture and skills development alongside enabling transport and housing infrastructure will heavily contribute to our aspirations set out in this Plan. HIE is both leading on and working in partnership with local authorities, UHI and others to deliver significant projects.

Partnership is vital. The response to the pandemic demonstrated the importance of strong and effective partnership across communities, businesses and the public sector at a local, regional and national level. Our local and sectoral knowledge and stakeholders have been critical to our response and we will continue to build on those strengths as we face the year ahead to deliver our priorities to:

Enable strong, capable and resourceful communities;

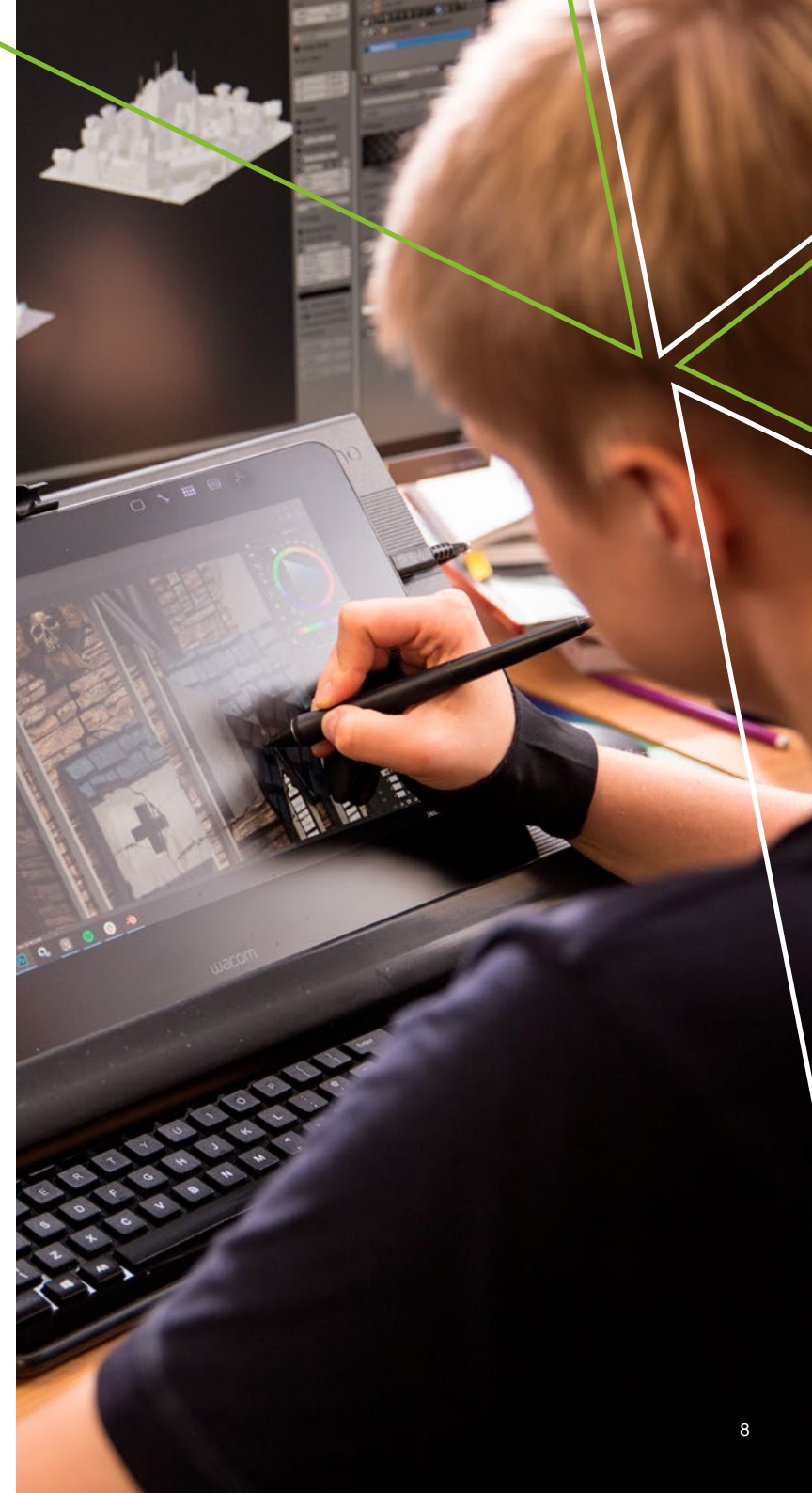
Build successful, productive and resilient businesses; and

Create the conditions for growth and a green recovery.

<sup>1</sup> Towards a robust, resilient wellbeing economy for Scotland: report on submissions to the Advisory Group on Economic Recovery - gov.scot ([www.gov.scot](http://www.gov.scot))

<sup>2</sup> Coronavirus (COVID-19): measures to mitigate the labour market impacts - report - gov.scot ([www.gov.scot](http://www.gov.scot))

<sup>3</sup> [Scottish technology ecosystem: review - gov.scot](#) ([www.gov.scot](http://www.gov.scot))





## ENABLE STRONG, CAPABLE AND RESOURCEFUL COMMUNITIES / A' TOIRT COMAS DO CHOIMHEARSNACHDAN LÀIDIR AGUS DÈANADACH

We will enable communities to fulfil their vital role in contributing to the social and economic wellbeing and growth of the region. We will continue to support the acquisition and development of income generating assets and encourage communities to exploit the many opportunities presented by the transition to net zero and from our unique culture and heritage, including from the Gaelic language.

RESILIENCE AND CAPACITY	COMMUNITY ASSETS	NET ZERO TRANSITION AND GREEN RECOVERY
Actions	Actions	Actions
<ol style="list-style-type: none"> <li>1. Provide access to finance, advice and support to build capacity and resilience in community organisations to support recovery</li> <li>2. Support to strengthen governance and succession planning to enhance the impact of organisations in their communities</li> <li>3. Strengthen community organisations through the development and engagement of Young Leaders</li> <li>4. Develop a new community support framework to provide specialised advice and guidance to community organisations</li> <li>5. Develop and deliver the Communities Leading in Tourism Programme (CLT); evolving the model across Scotland with a focus on leadership and innovation</li> <li>6. Support community anchor organisations to enhance financial sustainability through new market opportunities (for example in service provision)</li> <li>7. Lead delivery of a transnational social enterprise programme supporting start-ups through local hubs</li> <li>8. Work with partners and the sector to influence and deliver key actions arising from the social enterprise action plan</li> <li>9. Lever community benefits from procurement – ensuring organisations are connected to opportunities and supported to respond</li> <li>10. Pilot new models for generating revenue in communities and innovating new products and services through the introduction of creative skills</li> </ol>	<ol style="list-style-type: none"> <li>1. Provide post-acquisition investment and support particularly for community anchor organisations</li> <li>2. Deliver £10m Scottish Land Fund in partnership with National Lottery Community Fund; support pipeline of applicants across Scotland to develop fundable propositions</li> <li>3. Encourage and support the use of Gaelic as an economic asset, both for communities and in the tourism, food and drink and creative industries sectors</li> <li>4. Support the development of Gaelic language and culture and young people including through support of Fèis 2021/22 programmes</li> <li>5. Deliver CUPIDO Interreg project to support the adoption of innovative technologies to enhance region's cultural offering and generate new income streams</li> <li>6. Facilitate the development of collaborative approaches arising from the Rural Food Tourism pilot</li> <li>7. Support self-financing woodland croft creation model</li> <li>8. Foster public sector collaboration to influence and derive benefits from community wealth building, including pilot project in Innse Gall</li> </ol>	<ol style="list-style-type: none"> <li>1. Enable communities to deliver decarbonisation plans</li> <li>2. Explore and promote the green jobs potential from nature-based solutions and climate resilience opportunities e.g. through involvement in and support of Highland Adapts</li> <li>3. Support local food production including micro vertical farming/ alternative horticulture to reduce food miles</li> <li>4. Support community landowners to adopt low carbon land uses and demonstrate best practice</li> <li>5. Raise awareness and build capacity in communities to engage in shared ownership models for wind farms</li> <li>6. Lead stakeholder engagement for the "Responsible Research and Innovation Policy Experimentations for Energy Transition" Project (RIPEET) to establish a vision as a precursor to the development of local energy system pilot projects in the Outer Hebrides</li> <li>7. Investigate opportunities for communities to derive benefits from natural resources (for example seaweed) to generate income streams and contribute to carbon mitigation</li> </ol>

Deliverables	Deliverables	Deliverables
<ul style="list-style-type: none"> <li>■ Community Anchor Organisations supported</li> <li>■ Social Enterprises supported</li> <li>■ Community organisations with increased capacity</li> <li>■ Organisations supported to develop new business models</li> <li>■ New social enterprises created</li> <li>■ 60 community leaders participating in CLT</li> <li>■ Evaluation of CLT programme to inform its further development</li> <li>■ Evaluation of Community Support Framework (CSF) to inform future delivery</li> <li>■ Support 20 community leaders through interim CSF</li> <li>■ Roll out of new Social Impact Measurement model to communities</li> </ul>	<ul style="list-style-type: none"> <li>■ Organisations supported to improve financial readiness/access investment</li> <li>■ 50 Scottish Land Fund acquisition approvals</li> <li>■ New/improved income generating community assets</li> <li>■ Hectares of land in community ownership</li> <li>■ Land acquisition for woodland croft demonstration model</li> <li>■ Cultural organisations adopting innovative technologies to enhance the region's cultural offering and generate new income streams</li> </ul>	<ul style="list-style-type: none"> <li>■ Profile our clients on the new HIE net zero ladder</li> <li>■ Local energy transition mapping in the Outer Hebrides and training of key stakeholders in RIPEET methodology as a precursor to the local energy system projects planned for 22/23</li> <li>■ New/improved income generating green community assets</li> <li>■ Renewable energy produced (kw per hour)</li> <li>■ CO<sub>2</sub> savings in supported organisations</li> </ul>

## TRACKING MEASURES

- Increase in turnover in the social economy (£m)
- Jobs supported (FTEs) / Green jobs supported (FTEs)
- Average wage of jobs supported (FTEs)
- Capital asset investment (£m) / Green capital asset investment (£m)
- External investment secured (£m) / External green investment secured (£m)



## BUILD SUCCESSFUL, PRODUCTIVE AND RESILIENT BUSINESSES / TOG GNÌOMHACHASAN CINNEASACH AGUS ATH-LEUMACHD

Providing appropriate support to build resilience and sustain business competitiveness in response to prevailing economic headwinds is vital, particularly in sectors and areas most severely affected. We will support enterprises of all sizes to be dynamic and entrepreneurial; to target market opportunities; and to use innovation and net zero as a key driver of growth; creating employment and wealth. Identifying opportunities to accelerate growth and scale business activity will contribute to Scotland's productivity aspirations.

RESILIENCE AND CAPACITY	PRODUCTIVITY	INNOVATION	NET ZERO TRANSITION AND GREEN RECOVERY
Actions	Actions	Actions	Actions
<ol style="list-style-type: none"> <li>1. Build resilience in our key sectors through advice and support targeted at adaptation to support restart and recovery</li> <li>2. Increase HIE's reach and engagement through one-to-many and online delivery of information and support</li> <li>3. Work with partners and industry on recovery in the tourism sector; support tourism partnerships to lead sustainable destination development and community engagement; and develop options for viable new investment models</li> <li>4. Support food and drink businesses to refocus and (re)establish profitable routes to market</li> <li>5. Extend our reach within creative industries using the XpoNorth model including development and delivery of XpoNorth Heritage, pitching sessions and network development</li> <li>6. Develop core business skills with a focus on Leadership and Management (including young and emerging leaders)</li> <li>7. Support organisations to develop and adapt Business Models through sectoral and area team expertise</li> <li>8. Review and develop entrepreneurship support including to target groups e.g. female entrepreneurs to inform future delivery</li> </ol>	<ol style="list-style-type: none"> <li>1. Increase demand for, knowledge of and access to finance and investment, including supporting businesses to access appropriate vehicles including the Scottish National Investment Bank</li> <li>2. Provide support to businesses to develop international within the framework of A Trading Nation and to develop rest of UK markets in the post Brexit environment</li> <li>3. Support Scotland's Inward Investment Plan, developing propositions and identify sub-regional strengths to attract new inward investment</li> <li>4. Work closely with existing foreign direct investors to capture expansion and further mobile investment</li> <li>5. Support business growth through graduate placements with a focus on the transition to net zero</li> <li>6. Develop awareness of the opportunities presented by new technologies and automation</li> <li>7. Pursue international collaborations and consider best practice as it relates to the Highlands and Islands, particularly from Nordic/Arctic regions</li> </ol>	<ol style="list-style-type: none"> <li>1. Provide tailored innovation support to businesses to address climate change</li> <li>2. Deliver Growth Deal Northern Innovation Hub support including the expansion of technology placements, targeting young people across the region, building innovation in tourism and support young entrepreneurs through IMPACT30</li> <li>3. Deliver intensive digital support through specialist advice framework</li> <li>4. Deliver digital transformation events on AI, IoT, and Cyber Security</li> <li>5. Provide R&amp;D support – including in non-R&amp;D intensive sectors - taking a place-based approach to stimulating demand and support</li> <li>6. Work in partnership to lever maximum benefit for the Highlands and Islands from Scotland's innovation centres</li> <li>7. Support growth deal project development of the Manufacturing Innovation Centre Moray (MICM) and Orkney Research and Innovation Campus (ORIC)</li> <li>8. Support business case development of partner growth deal innovation projects including Shetland Shellvolution (R&amp;D to improve farming in the marine environment)</li> <li>9. Support the OECD Rural Innovation project, in partnership with Scottish Government, Scottish Enterprise and South of Scotland Enterprise</li> </ol>	<ol style="list-style-type: none"> <li>1. Support resource efficiency planning and implementation through close collaboration with partners including Zero Waste Scotland</li> <li>2. Embed net zero actions into client engagements and monitor progress using net zero Ladder</li> <li>3. Explore supply chain opportunities in decarbonisation of key sectors, such as distilling, aquaculture, and oil and gas</li> <li>4. With partners, deliver a net zero Pathway for Scotland's tourism enterprises with £3.9m national investment</li> <li>5. Support businesses to adopt alternatives to plastics and increase use of ethical/natural products in product development and packaging</li> <li>6. Deliver the GreenOffshoreTech programme to support SMEs in the Blue Economy to develop value chains and deploy enabling technologies</li> </ol>

Deliverables	Deliverables	Deliverables	Deliverables
<ul style="list-style-type: none"> <li>■ Businesses supported to increase resilience</li> <li>■ Businesses and social enterprises adopting/embedding Fair Work practices</li> <li>■ New businesses supported (defined as those under three years old)</li> <li>■ Organisations developing management and leadership capability</li> <li>■ Participants in XpoNorth events</li> <li>■ Up to 40 businesses supported with intensive digital support</li> <li>■ Evaluation of W-Power (female entrepreneurship programme)</li> </ul>	<ul style="list-style-type: none"> <li>■ Organisations supported to improve financial readiness</li> <li>■ Organisations supported to access investment</li> <li>■ Mapping of sub-regional inward investment opportunities aligned to the nine thematic areas in Scotland's Inward Investment Plan</li> <li>■ Strategic collaborations/partnerships supported</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase the number of innovation active businesses</li> <li>■ Increase BERD</li> <li>■ New products and services developed</li> <li>■ Technology placements supported</li> <li>■ Business cases developed for MICM and ORIC</li> <li>■ OECD global comparison of rural innovation released. Draft Scotland country report available</li> </ul>	<ul style="list-style-type: none"> <li>■ New/improved income generating green community assets</li> <li>■ Renewable energy produced (kw per hour)</li> <li>■ CO<sub>2</sub> Savings in supported organisations</li> <li>■ Profile our clients on the new HIE net zero Ladder</li> <li>■ Publish good practice case-studies representative of the region and key sectors/business models/type of business for COP26</li> </ul>

## TRACKING MEASURES

- Increase in turnover (£m)
- Increase in international sales (£m)
- Jobs supported (FTEs) / Green jobs supported (FTEs)
- Average wage of jobs supported (FTEs)
- Capital asset investment / Green capital asset investment (£m)
- External investment secured (£m) / External green investment secured (£m)



## CREATE THE CONDITIONS FOR GROWTH AND A GREEN RECOVERY / CRUTHAICH SUIDHEACHAIDHEAN AIRSON FÀS AGUS EACONAMAIDH UAINNE

Maximising the opportunities presented, especially by the unique natural capital of our region and our cultural heritage, requires strong foundations and investments in enabling infrastructure, skills and education, population growth and access to talent, and research capacity. This is critical to meet the ambition of a green recovery. HIE will play a pivotal role through leadership, advocacy, influence, support, and developing the evidence base for investment.

ENABLING INFRASTRUCTURE AND REGIONAL ASSETS	POPULATION ATTRACTION AND RETENTION	DEVELOPING THE EVIDENCE BASE AND SUPPORTING POLICY DEVELOPMENT	NET ZERO TRANSITION AND GREEN RECOVERY
Actions	Actions	Actions	Actions
<ol style="list-style-type: none"> <li>1. Develop a new property strategy to support strategic investments to respond to place-based opportunities</li> <li>2. Support new place-based approaches to integrated, multi-partner facilities, to enhance access to services, deliver cost savings and embed transition to net zero</li> <li>3. Work alongside potential Spaceports to define and develop the opportunity for launch capability in the region</li> <li>4. Deliver investments at Cairngorm Mountain Estate; conclude masterplan and commence delivery of key strategies; deliver programme of stakeholder engagement and wider communications activity; progress operating and governance review and legacy legal cases</li> <li>5. Develop the Life Sciences Innovation Centre (LSIC) in partnership with UHI on Inverness Campus</li> <li>6. Work with local and national partners to ensure that all parts of our region have equitable access to the essential digital infrastructure that will underpin future economic prosperity and community wellbeing</li> <li>7. Assist local authorities and other key partners on master planning to reimagine town centres</li> <li>8. Influence the development of new approaches/ models to increase the supply of essential housing stock with partners: pilot projects include live/workspaces and repurposing redundant buildings</li> <li>9. Support the development of business cases for components of the growth deal supported Argyll Marine Aquaculture Programme</li> <li>10. Manage construction of Phase 2 of the European Marine Science Park</li> </ol>	<ol style="list-style-type: none"> <li>1. Collaborate with regional and international partners on delivering a pilot to support temporary residents and skilled workers in remote communities (in partnership with NORA - Nordic Atlantic Collaboration)</li> <li>2. Delivering "Level Up", a creative industries focused partnership between XpoNorth and UHI to address skills gaps and encourage greater retention of young people in the region</li> <li>3. Deliver Live Local/Work Global campaign</li> <li>4. As a partner on the Convention of the Highlands and Islands Re-Population Working Group a) work with community and rural housing partners to develop tailored responses to housing needs in areas of fragile population; b) work with Scottish Government to encourage a national approach to "work anywhere" with a focus on helping to repopulate rural areas c) develop a range of targeted interventions for areas of particular need</li> <li>5. Increase awareness amongst young people of STEM (science, technology, engineering and maths) related careers in the region through the growth deal supported Science Skills Academy</li> </ol>	<ol style="list-style-type: none"> <li>1. Work with partners to maximise H&amp;I access to UK regional funding programmes and further develop the evidence base to ensure the region's characteristics are understood</li> <li>2. Undertake research and evaluations to support economic recovery, inform decision making and influence policy</li> <li>3. Work with NHS Highland and other partners to establish an innovation driven health campus network that will accelerate sectoral growth over the next decade, increase critical mass and ensure that the benefits extend to other parts of the region</li> <li>4. Work with our skills and education partners to enable and ensure appropriate opportunities for young people and adults including upskilling, vocational skills and scientific research</li> <li>5. Develop evidence-based propositions to attract Strength in Places and other government funding</li> <li>6. Collaborate with partners to identify key transport constraints and improve provision throughout the region</li> <li>7. Pursue international engagement opportunities where they offer exchange of intelligence, expertise and best practice in support of HIE priorities</li> </ol>	<ol style="list-style-type: none"> <li>1. Undertake an audit of HIE property portfolio to assess requirements to meet the transition to net zero</li> <li>2. Support strategic opportunities in the Energy Transition and address barriers to deployment, including through technology development, supply chain growth, cluster development, innovation and internationalisation, and leveraging SG low carbon funds</li> <li>3. Support business case development for strategic hydrogen, energy hub and heat decarbonisation projects</li> <li>4. Engage with industry and SG on case for grid access and charging regulatory reform, and input to SSE Transmission, Distribution and Green Recovery programmes</li> <li>5. Lead a strategic approach to infrastructure investment to secure integrated manufacturing and build out of offshore renewables within the Highlands and Islands</li> <li>6. Assess and promote investment opportunities considered for Green Investment Portfolio in advance of COP26 in sectors of energy generation, biotechnology and peatland</li> <li>7. Commission research into the potential value of a sustainable bioeconomy in the region (including marine and land-based opportunities)</li> <li>8. Promote and prioritise current and future green career opportunities and STEM skills through the Science Skills Academy (SSA)</li> </ol>

Deliverables	Deliverables	Deliverables	Deliverables
<ul style="list-style-type: none"> <li>■ New HIE property strategy</li> <li>■ Commencement of construction phase of LSIC</li> <li>■ Upgraded road and site infrastructure to support EMSP Phase 2 and completion of six new laboratories in Malin House to support marine industry R&amp;D, incubation and commercialisation</li> <li>■ For Space Hub Sutherland, finalise business case, appoint launch site operator and commence construction</li> <li>■ Cairngorm Mountain: reinstatement of funicular railway and delivery of priority capital investments; stakeholder engagement in relation to operating and governance review and wider matters; masterplan published and priority actions underway</li> </ul>	<ul style="list-style-type: none"> <li>■ Launch new population and talent attraction campaign</li> <li>■ Deliver pilot projects with COHI partners in targeted areas</li> <li>■ 10,000 young people introduced to inspiring STEM activities linked to our region's green recovery</li> </ul>	<ul style="list-style-type: none"> <li>■ Conclude "Highland Health Connect" independent research to inform establishment of health campus network</li> <li>■ Deliver HIE Business Panels providing key regional insights</li> </ul>	<ul style="list-style-type: none"> <li>■ Develop and promote good practice case studies across a breadth of sectors, scales and business models and geography for COP26</li> <li>■ Secure a share of SG Low Carbon Investment Funds for the Highlands and Islands</li> <li>■ Develop commercialisation plan for wave energy (with Wave Energy Scotland - WES)</li> <li>■ Develop sustainable business model for DeepWind Cluster</li> <li>■ Engaged with partners to identify port and harbour infrastructure investment opportunities and options for delivery, to support build out of ScotWind</li> <li>■ Collaborative Marine Energy presence at COP26</li> <li>■ Deliver four SSA modules linked directly to net zero incl. Land-based jobs, renewables, sustainable aquaculture and the bioeconomy</li> </ul>

## TRACKING MEASURES

- Increase in turnover (£m)
- Increase in International Sales (£m)
- Jobs supported (FTEs) / Green jobs supported (FTEs)
- Average wage of jobs supported (FTEs)
- Capital asset investment / Green capital asset investment (£m)
- External investment secured (£m) / External green investment secured (£m)



## OUR DELIVERY

### AN LÌBHRIGIDH AGAINN

It is through our staff that we add the greatest value - by harnessing the passion, knowledge, skills and experience of everyone that works for HIE.

We are transforming our delivery, building on the flexibility created through the increased use of technology to bring us together and work with customers and stakeholders, allowing us to prioritise to meet the needs and opportunities anywhere in the region.

Close partnership working is critical to delivering better and more cost-effective services. We remain committed to cross-agency collaboration in line with the ambitions of the Enterprise and Skills Strategic Board's Strategic Plan. In the coming year, we will work with the other enterprise and skills agencies to continue the delivery of shared services and collaborative activities, including the management and delivery of the shared Enterprise IS (EIS). We further commit to jointly explore opportunities to expand the cross-agency shared services and collaborative working where practicable and advantageous to do so.

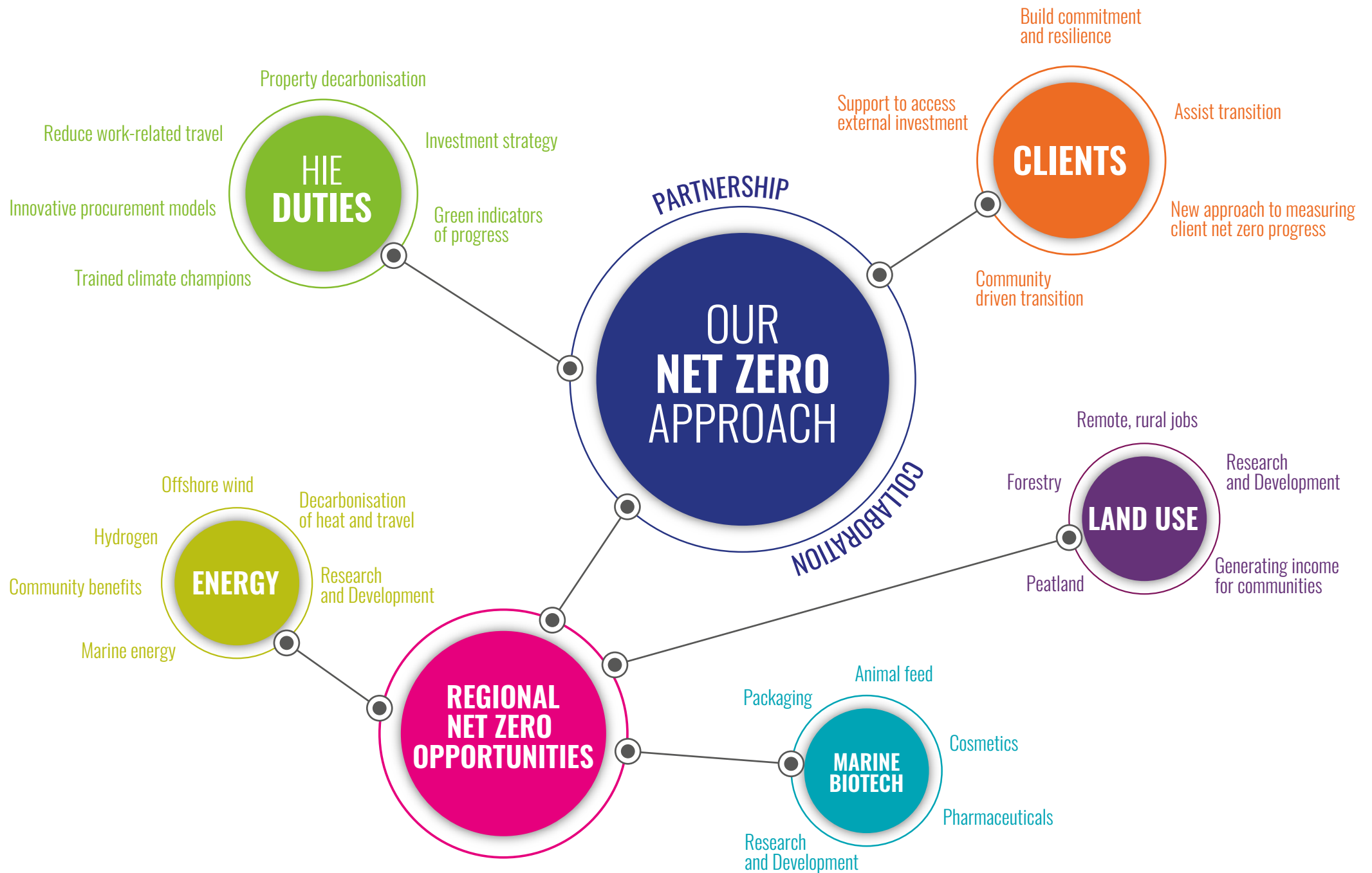
CROSS-AGENCY COLLABORATION AND SHARED SERVICES	HIE	SE	SDS	SFC	SOSE
<b>Service Delivery</b>					
Find Business Support	✓	✓	✓		✓
Support for Inward Investors	✓	✓	✓		✓
Skills Alignment			✓	✓	
Data and Insights work (e.g. joint CRM, Brexit & Covid data sharing)	✓	✓	✓	✓	✓
Strategic and business planning	✓	✓	✓	✓	✓
Business Support Partnership	✓	✓	✓		✓
Business support campaigns (e.g. Covid and Brexit responses)	✓	✓	✓	✓	✓
Rapid Response Unit (support for companies at risk)	✓	✓	✓		✓
<b>Shared corporate services</b>					
Enterprise Information Services (EIS)	✓	✓	✓		✓
Internal Audit		✓	✓	✓	✓
Services for SOSE (Business support, some HR and Finance functions)		✓	✓		✓

Investment	Client engagement	Partnership and collaboration	Fair work	Place-based approach
New targeted approach in favour of disadvantaged areas, islands and our ambitions, particularly for green and blue growth	Extend reach	Local, regional and national partnership	Implement Fair Work conditionality on financial support of £100k and over	Local area teams across the region
Use of other financial products beyond grants	Improve customer journey and experience through enhanced and increased use of digital delivery and self-service options	Convention of the Highlands and Islands	Promote, encourage and support adoption of Fair Work First	Detailed local, island and regional knowledge
Maximise access to external sources of finance e.g. SNIB and Green Recovery funds	Strengthening our place-based approach	Enterprise and Skills Agency collaboration	Direct clients to Fair Work diagnostic and support action plans	Optimise catalytic benefits from HIE owned capital assets
	Streamline our approach to account management	Growth deal partnerships	Monitor clients' Fair Work progress through our Business Values Ladder	Collaborative working with Community Planning Partners
		Delivery partnership with Scottish Land Fund and Digital Scotland	Explore more opportunities for Fair Work and community wealth building through procurement models	Support Growth Deal development and delivery
		Sectoral taskforces and Industry Leadership Groups		Tailored approaches to delivering support in island and remote areas
		European and International Partnerships		Development of co-location options with other public or third sector agencies in community hubs to deliver synergies to enhance delivery

#### HIE Budget

	Forecast
	<b>2021/22</b>
Capital - Baseline	£25.5m
Capital - Green Jobs Fund	£0.8m
Capital - Wave Energy Scotland (WES)	£6.0m
Revenue - Baseline	£29.8m
Revenue - Covid 19 consequentials	£3.0m
Revenue - Scottish Land Fund*	£0.5m
Financial Transactions	£2.6m
	<b>£68.2m</b>

\* Funded via grant claims not via Grant-in-Aid (GIA)



## MEASURING OUR PROGRESS

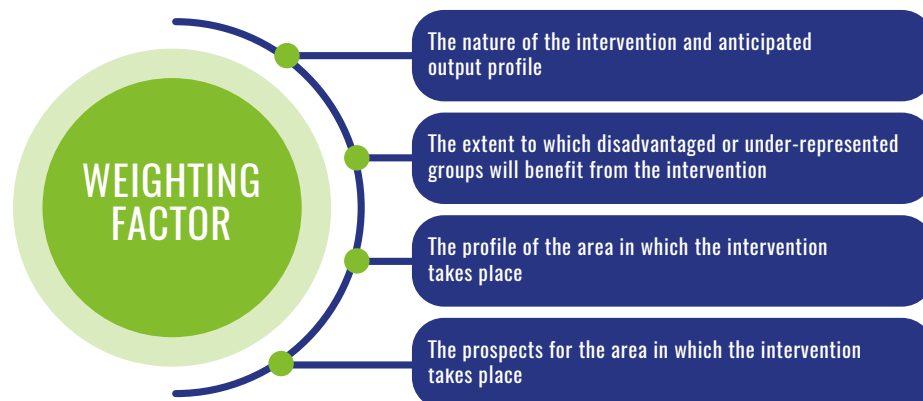
### CUNNTAS AIR AN ADHARTAS

We will track progress and change as a direct result of our interventions and our client engagement through activity and tracking measures which contribute to the short, medium and long-term outcomes in the Strategic Board performance framework and the National Performance Framework of Scotland (NPF).

To better tell our story and inform our decision making, we will evolve new measures during this year alongside system development as part of our Business Transformation Programme and we will pilot new approaches where these add value. Workstreams include:

- Measuring the long-term impact of strategic infrastructure and community assets;
- HIE Inclusive Growth Pilot – this will help inform our place-based approach, provide a decision-making tool and weight outcomes according to their relative impact across our region;
- Review and Adaptation of our Ladders – a model which monitors client progression and change including a new ladder to monitor the transition to net zero;
- Social impact measurement – to identify and resolve gaps in measuring social impact of community activities and investments;
- Net zero – working with our enterprise agency partners to develop new measurement and low carbon impact assessment.

### HIE inclusive growth model: weighting our outcomes



## OUTPUTS

- No of organisations\* supported to:
  - ▶ build resilience and capacity
  - ▶ adopt/embed Fair Work
  - ▶ enhance digital capacity and utilisation
  - ▶ innovate
  - ▶ access external investment
- No of new social enterprises and businesses created/supported
- New/improved income-generating community assets
- No of business and community leaders supported
- No of graduate and technology placements supported
- No of assets with net zero objectives supported

\* organisations include businesses, social enterprises and community organisations

## OUTCOMES

No. of jobs supported (FTEs) – 700-800  
*No. of green jobs supported (FTEs)*  
 No. of jobs supported in Fragile Areas (FTEs) – 100-120  
*No. of green jobs supported in fragile areas (FTEs)*  
 Increase in turnover (£m) - £80-95m  
 Increase in turnover in the social economy (£m) - £3-4m  
 Increase in international sales (£m) - £30-40m

Average salary of jobs supported (FTEs) - £26k  
 Capital asset investment (£m) - £60-80m  
*Green capital asset investment (£m)*  
*CO<sub>2</sub> savings (tonnes) in supported organisations*  
*External investment secured (£m)*  
*External green investment secured (£m)*



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