Highlands and Islands Enterprise: Managing Depopulation with Long Range Lights

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Highlights:

1. Population on Highlands and Islands territory is very sparse, facing a lot of challenges.
2. Improvements on transport, education and industry has brought opportunities and equality to the territory.
3. The growing economy and its diversification have allowed the communities to create new business.
4. Highlands and Islands Enterprise focus their support on communities, working and knowing each area perfectly.
5. The population proactivity, specially of young people, has been very important to develop the territory.

Abstract: Highlands and Islands territory is a region in Northern Scotland, characterized for its sparse population, its remote location, and its rural settlements (although it is not a typical rural economy). During the last 50 years, the region has experienced a process which has supposed, against all odds, the reduction of the emigration (even its increase in some certain areas). To reach that goal, some important aspects have changed since that period to the present day. Some of them are the economy diversification, with the increasing importance of sectors like industry and services; the development and improvement of transport and infrastructure, allowing all the territory to be connected; the availability of higher education, that brings the opportunity to students to stay in the area even if they want higher education; and the commitment with population, especially with young people, of bringing the same opportunities along the territory to develop their careers and their life projects. In that process has contributed Highlands and Islands Enterprise, which has focused on the support of business, the support of communities, and the support of the relationships between both. And all this has been possible thanks to the proactive population. But, even this significantly improved in the past decades, there are still challenges and weakness to face in order to reach the same opportunities as the rest of the country.

Keywords: Rural development, economy diversification, sparsely population, local communities.

1• This text corresponds to the transcription of the presentation given by Robin Clarke on 29 October 2020, in the framework of the seminar "*Policies against depopulation, under debate: What and How?*". The transcription has been carried out by Celia Losilla and reviewed by Javier Esparcia.

Highlands and Islands Enterprise: gestionar la despoblación a largo plazo

Ideas clave:

1. La población del territorio de las Highlands and Islands es muy escasa y se enfrenta a muchos retos.
2. Las mejoras en el transporte, la educación y la industria han aportado oportunidades e igualdad al territorio.
3. La creciente economía y su diversificación han permitido a las comunidades crear nuevos negocios.
4. Highlands and Islands Enterprise centra su apoyo en las comunidades, trabajando y conociendo perfectamente cada zona.
5. La proactividad de la población, especialmente de los jóvenes, ha sido muy importante para el desarrollo del territorio.

Resumen: El territorio de las Highlands and Islands es una región del norte de Escocia que se caracteriza por su escasa población, su ubicación remota y sus asentamientos rurales (aunque no se trata de una economía rural típica). Durante los últimos 50 años, la región ha experimentado un proceso que ha supuesto, contra todo pronóstico, la reducción de la emigración (incluso su aumento en algunas zonas determinadas). Para alcanzar ese objetivo, algunos aspectos importantes han cambiado desde esa época hasta la actualidad. Algunos de ellos son la diversificación de la economía, con el aumento de la importancia de sectores como la industria y los servicios; el desarrollo y la mejora de los transportes y las infraestructuras, que permiten que todo el territorio esté conectado; la disponibilidad de la educación superior, que brinda la oportunidad a los estudiantes de quedarse en la zona aunque quieran cursar estudios superiores; y el compromiso con la población, especialmente con los jóvenes, de brindar las mismas oportunidades a lo largo del territorio para desarrollar sus carreras y sus proyectos de vida. En ese proceso ha contribuido Highlands and Islands Enterprise, que se ha centrado en el apoyo a las empresas, el apoyo a las comunidades, y el apoyo a las relaciones entre ambas. Y todo ello ha sido posible gracias a la proactividad de la población. Pero, aunque esto haya mejorado significativamente en las últimas décadas, todavía hay retos y debilidades que afrontar para alcanzar las mismas oportunidades que el resto del país.

Palabras clave: Desarrollo rural, diversificación económica, población dispersa, comunidades locales.

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Robin Clarke

1. Introduction

What I intend to do today is to give you a little bit of history, a little history of the development and treatment of depopulation in the Highlands and Islands of Scotland. First of all, I'll tell you a little bit about the Highlands and Islands to give you some context. I'll give you a brief history of our development journey, where we've come from and why we're here, what was the origin of our setting up, and that brings us to the present, and I'll talk a little bit about current policy, current activity, current interventions. I'll talk a little bit about what the future holds, and what our potential response is going to look like. Then I'll draw some conclusions.

1.1. The Highlands and Islands of Scotland and challenges we are facing so far

For those of you who are not familiar with the Scottish Highlands and know where we are, you can see the green area on Figure 1. That's where the Highlands and Islands are. It covers about half the area of Scotland, but has only 8 % of the population, so it has a population density of about 12 people/km². It is very sparsely populated.

Figure 1.
Highlands and Islands

Source: https://www.hie.co.uk/

There are a number of clear challenges: remoteness and peripherality, inhospitable terrain and climate, water crossings, sparsity of population, fragile rural economies, low incomes, cost of living.

When we talk on challenges, we are talking on the characteristics of the region. I mentioned the sparsity population, and that manifests itself in very small and very dispersed settlements. We only have one city of about 70,000 people, and a number of small towns and many small settlements.

We have a very complex geography. We have 94 inhabited islands, as you see down the west coast, and the islands to the North obviously have issues for connectivity (particularly physical connectivity). The mainland is mountainous, making communication difficult as well, and also making investment in any kind of infrastructure is challenging and potentially expensive.

The region is incredibly rural. Otherwise, I will come on to say it's maybe not typical in terms of rural economy. It's quite a broad-based economy.

Having said that, some areas of the region are fragile in terms of both their economy and on their social fabric. And across the whole region we have a lower average level of income. And so, incomes in the Highlands are lower than Scotland as

a whole, but alongside that, the cost of living is higher than elsewhere in Scotland and in the UK. And this is largely a product of transport costs and long distances and, in some cases, the problem of fuel costs for public transport. It is also a product of the age of the housing stock (not particularly efficient from a heating point of view). Oil heating, as opposed to gas heating, etc., increases these costs.

It's challenging in a number of ways. Not as challenging now as it was. I'm going to take you back in time now. I'm only going to go back about 50 years.

1.2. Our development journey: a brief history

50 years ago, the Highlands and the Islands was a region where the population was in constant decline (Figura 2). You'll see the line dipping down to around the mid 1960's. At that point the population was in almost terminal decline. The economy was stagnant. It was based on traditional rural industries. The prevailing view was that to be successful and to make anything of your life you had to leave. And the region was really struggling very narrow based economy. They were large infrastructure gaps, very little investment in the region.

We therefore characterised it as a crisis that demanded a response, and the government of the time visualised the desired post-crisis situation, and designed and delivered its response, which was the creation of the agency I represent, Highlands and Islands Enterprise. It was called the Highlands and Islands Development Board back in 1965, and that organisation was established with a remit, which at the time was no more detailed than "Go out and make what you think it needs to be done to develop the region, to develop the economy, to develop communities, and really get the region back on its feet and back on a positive trajectory".

We were established in 1965 and our remit uniquely at that time (and still quite unusual today) was very broad, so it encompasses a business support and an economic development remit. But although we're called an economic development agency, we also have a community support remit, so we work with local communities as well and we have responsibility for either investing in enabling infrastructure and, where we don't have that direct remit, iwe should nfluencing others to make those investments.

Figure 2.
Evolution of population (1851-2014)

Source: https://www.nrscotland.gov.uk/
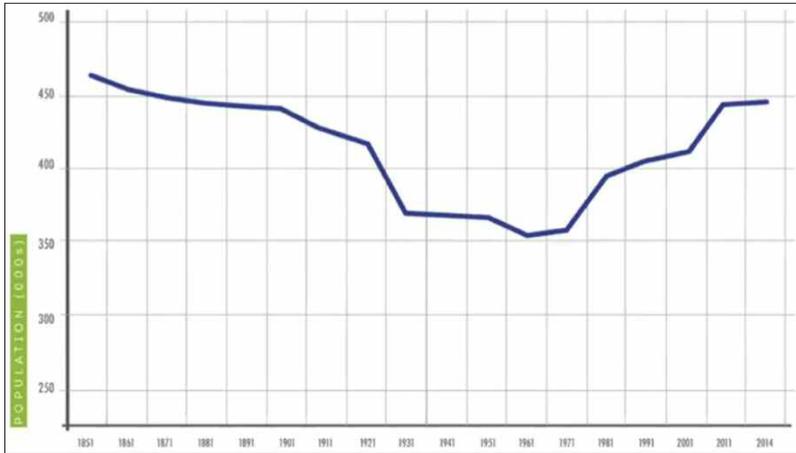
As you may see on the population graph, it did start to increase from the mid-1960s. I'd like to think that all of that was down to my organisation and its work. Certainly, I think some of it was down to my organisation and its work, but there were other factors involved as well (Figure 3).

Figure 3.
Drivers of change

Source: https://www.hie.co.uk/
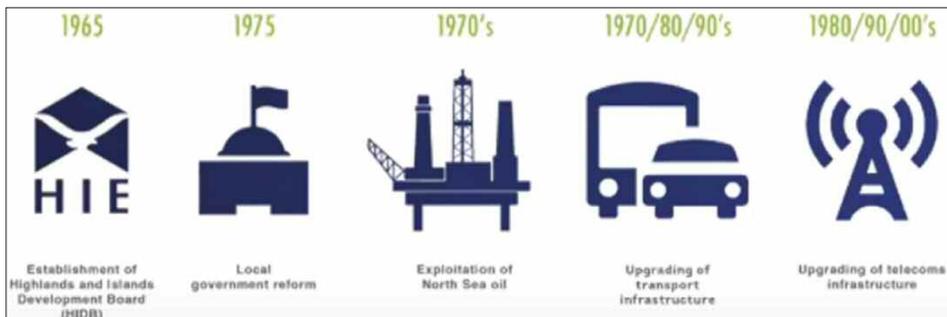
I think a significant factor, and I'm flagging this up simply from a scale issue, there was local government reform in 1975. And, from that point, there have been, and currently there are in the Highlands and Islands of Scotland seven local authorities (which from scale pointing is the size of Belgium). So local authorities are there. We don't really have small municipalities with any degree of responsibility, so those local authorities are the level of local government that delivers services and invests in its communities. So, there are just seven separate local authorities in the Highlands and Islands, so that's quite a large scale compared to elsewhere in Europe. But I think it does bring some advantages.

The region has also benefited over the years from some specific industry developments. The exploitation of North Sea oil is an obvious one which brought different opportunities to the region. It demanded different skills in terms of engineering, in terms of fabrication, in terms of some industrial skills, moving away from that traditional rural economy. And when we get to the present day, those skills embedded in the region have been very helpful in its exploiting renewable energy opportunities over recent years. And again, these developments were supported by Highlands and Islands Enterprise and its predecessor, either through financial support or identifying opportunities, helping businesses to take opportunities, helping them to develop the skills they needed to take the opportunities.

That's happened in a number of sectors. A good example is the aquaculture sector. Scotland's currently, I think, the third largest producer of farmed salmon in the world. That is an industry that did not exist 50 years ago. It was identified as an opportunity by my organisation, and we worked very hard to develop that sector. And now it's a sector that employs directly about 1.500 people, and several thousand people in the downstream supply chains from, that didn't exist 50 years ago.

We've seen significant developments in transport infrastructure. So, although we still have some single-track roads around the region, they are few and far between. That brought parts of the region closer to each other and also closer to the main population centres in Scotland and in the UK. Our high number of islands has necessitated ferry crossings, so again there has been investment in port facilities, ferry crossings and we have a network of airports across the region that link those remote parts of the region to population centres. And I think interestingly in that as well that it's not just the establishment of the infrastructure, it`s a recognition that those distances and those transport mode have additional costs for people, so there is support currently from government to subsidise, to support the cost of those transports. For example, people who live on islands can access to preferential rates on air routes, very fairly calculated, so that there're actually equivalent to what driving

that distance would be. It's called "Road Equivalent Tariff", so it reduces cost for those crossings. And so that has really brought remote areas of the region much closer to each other and population centres.

Lastly, it was done a significant investment in digital infrastructure, starting off with telephone infrastructure and, subsequently, into superfast broadband. I'll talk a little more about that shortly. It has been an interesting journey. It has been considerable successes, I think. Certainly in terms of the population, which has now recovered from about 340,000 until current number, which is about 480,000. We have now an economy which is relatively broad-based. I'll talk a little more about that after that.

2. What does the future hold…? And what is our response?

2.1. Key drivers for the future

So, I think that's a little history lesson. I really want to talk more about the present day, our present-day situation and have a look at the future. I think it's important to stress that although we are looking at a region of Scotland here, the Scottish government recognises the different issues in different parts of Scotland. Its economic strategy (Figure 4) focuses now (and this wasn't always the case) equally on economic development and tackling inequality. And that's geographic inequality as well as individual exclusion. They're very clearly of the view that Scotland's economy needs to grow, but that growth needs to be shared by everybody across the whole Scotland, even the most remote parts of the country. And you can see there the focus on those key drivers of growth, around innovative investments. Aspects such us inclusive growth, or internationalisation, are very important.

We are an economic development agency of the government (Figure 5). We are now one of three agencies in Scotland. We were two government economic development agencies until April of 2020, but interestingly a new agency in the South of Scotland was established in April this year, in recognition of the particular economic and social circumstances in the South of Scotland. So, we now three economic development agencies in Scotland.

And I guess as the one agencies for the North of Scotland how our role is to really translate that national strategy into something that has regional relevance and is going to deliver in the places, in the communities and the locations that we operate. And I guess you can look at our activities in three ways. We have a clear focus around supporting businesses, a very important focus around supporting communities, and the rationale being the successful business you don't grow from dying communities, and vibrant communities do not exist without those businesses that provide job opportunities, for example.

And wrapped around all of that are the kind of the enablers, all the conditions for growth, and that's some of the infrastructure that I've talked about, transport, digital infrastructure, housing, social care, childcare, academic infrastructure (I'll talk about a little bit, this is extremely important). Those three aspects of our role really come together and allows us to be really effective in place-based development.

Figure 4.
Scottish Economic Strategy

Source: https://www.gov.scot/publications/scotlands-economic-strategy/
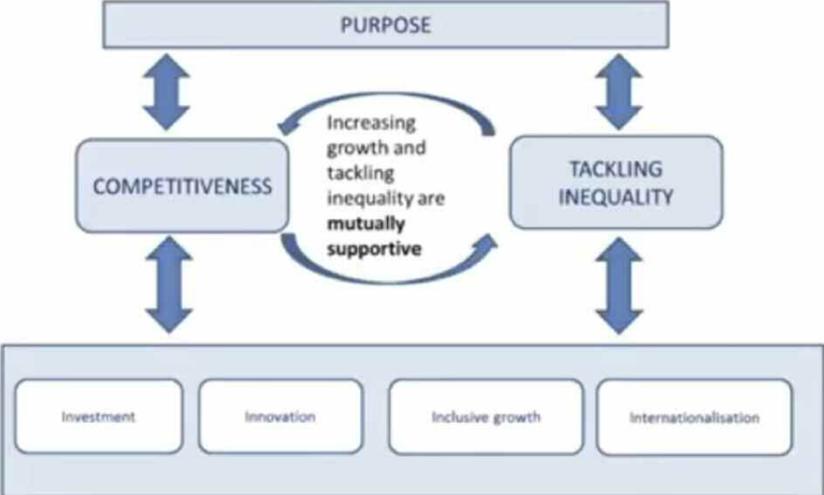
Figure 5.
*HIE's Priorities*

Source: https://www.hie.co.uk/

2.2. Our structure and how we support development and adress depopulation

I think it's worth emphasising our structure as well. So, we have an area-based structure, and the real benefit of this is that we have a presence across the whole of the region. So, in each of the colours there is a separate area team (Figure 6). They're rooted in their community, they know their area really well, they know the businesses, they know the communities, they're able to collaborate very effectively with local partners in their own area. And I think that the fact that we're rooted in those communities is a real strength in terms of our ability to support businesses and communities.

A little bit about how we support, and I guess you may be thinking OK, so what's this got to do with specifically around addressing depopulation?. And such like I guess, it's probably not a million miles away from the example from the US, in terms of "build it and they will come up". I suppose our view has been very much that rather than offering incentives for people to move to the area, we need to ensure that the

region is able to offer opportunities, is able to satisfy the aspirations of people who wish to be there, either those who are from the region or those who wish to move to the region. In that sense, it's looking at the four capitals, almost it's looking at that physical capital that investment in infrastructure, the like human capital, and the skills and the abilities of the people in the region. Social capital is very important is terms of that community, sense of community, community cohesion and community activity. In additon, as a rural region with an important natural capital (natural environment), it brings us advantages and opportunities. We're really focusing on those.

Figure 6.
Territorial structure of HIE

Source: https://www.hie.co.uk/
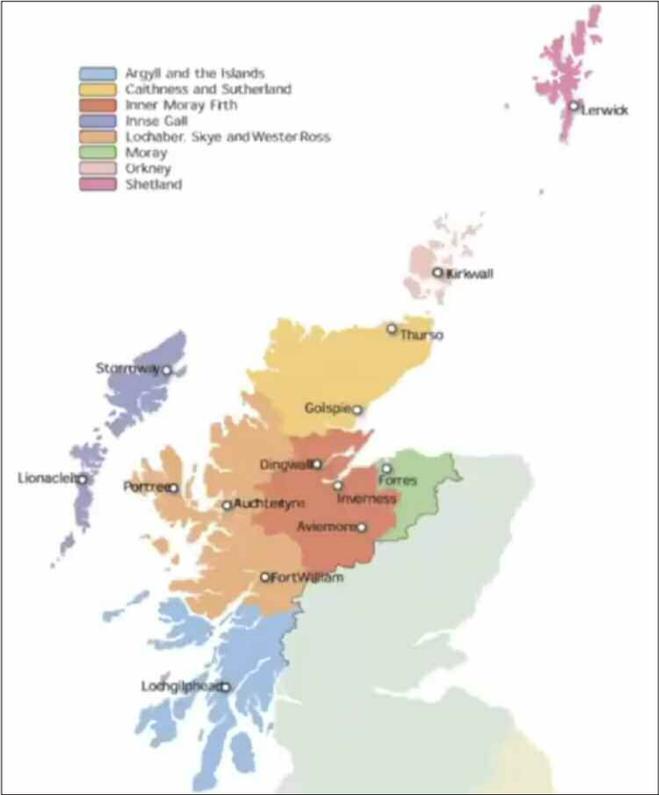
In terms of supporting businesses, we support across a range of sectors. From the traditional (so tourism being a traditional rural sector along with food agriculture), but equally important are sectors which are not typically rural sectors, like energy (I've mentioned oil and gas, and now renewable energy both marine renewables and wind power). We have a significant life science sector. We also have significant numbers of businesses in financial services, and creative industries. And I think the point here is that provides a breadth of opportunity for people, but everybody from a rural area wants to work a land, wants to go out on a fishing boat, or wants to work on a traditional rural sector. But people want also to be engineers, they want to work on I.T., they want to work in the creative sectors. We recognise the benefit and the need to develop each of these sectors and provide that range of benefits for individuals. And we do that through a variety of means.

We do provide financial support to businesses, pero también that's a recognition that there is a degree of market failure in that. Very often the investment required for a business develop is greater in the Highlands and Islands than it is, maybe, in a more urban or a closer to a large population area, and the rewards in some cases are not as great. For many of those initiatives there's a higher risk which needs to be almost supported by public investment.

But we do much more today to support businesses develop, their skills, their capabilities around leadership, around entrepreneurship. We are helping them to really identify new opportunities for their business. A strong focus around innovation, in terms of new products, new business models, and a very strong focus as well around internationalisation, and increasing those rewards to business investment through extending their market. And much of that is around advice and support and signposting, and not around giving them money.

I think the other area where we work very closely is around our support to communities, and in a sense in some ways this mirrors our support to businesses. And in that, we work hand in hand with those communities to really understand them, their aspirations and their needs. And then, support their development either through financial intervention of our own, or more frequently, helping them to access funding from other sources.

This is an example I've used with Spanish audiences before, and it's a community in the Outer Hebrides. The community came together and purchased the land that they lived on from the landowner. They did that with public money (there is a Scottish land fund which supports the purchase of land by communities), and then a package of support was put together to help the community invest in their land.

And what you see in front of you (the screen) it's called "Talla na Mara" (it's Gaelic). It includes business space, cafe and restaurants, and an event space. And there are some houses (which are family houses), a campsite and some renewable energy generations, so there are wind turbines there as well. And that package of investment is designed to support help that community develop. They have renewed revenue generating assets, and then they can invest the revenue from those assets in further community development. The aspiration being that their community grows from around 70 people in the community and no children (or very few ones), and now that community is around 150 people, including a number of families with children.

So, it's a very positive example of how investment is made to support the development of a community in a far-flung and remote part of the region. Takes significant public funds to do this, and sometimes it's not an easy option. I think it's probably worth noting as well that alongside that financial investment, we do a lot of work with communities to help them develop their kind of capacity and capability to take on and manage projects like this, and wisely use the revenue that these projects generate. So really building this community capacity and confidence to allow them to take these projects forward.

I'm always struck by a comment that somebody made when they visited the region, and they were contrasting the community that they'd seen in the Highlands and Islands of Scotland with those in their part of the world. And they were really amazed that the communities were not there saying to the public authorities "We've got problems, what are you going to do to fix them?". They were saying "We know we have problems that we need to deal with. This is what we would like to do about them. How can you help us to address these problems?". They were really quite proactive and quite positive about them, having the answers themselves and not looking to an external organisation to provide they answers, they just needed the support.

2.3. The importance of support system: from infrastructure to transport and high education

And I want to talk a little bit about some of the infrastructure as well. As an organisation, we have a small remit for infrastructure, which largely is focused on business infrastructure. It's really more important in population terms than other infrastructures, whether it be transport or whether it be housing or whether it be academic infrastructure. Our role in all that is to influence others to make the right

investments. So, for example, in terms of transport we work very closely with the regional transport partnership and with the Scottish government to ensure that transport investments are made to support that economic and community development. I guess in that sense we're providing our thinking, our expertise, and our analysis to enable others to make those decisions around transport investments. Clearly in a region like the Highlands and Islands transport is incredibly important, both for people and for goods.

I want to talk a little more about education as well. It's been mentioned earlier on today the challenges of education provision in rural areas, particularly on those where populations are either sparse or declining. It's something that we've seen as a critical need, and we have supported significant investment in that. Largely it focus on higher education sphere, so we worked very closely with others organisations in the establishment of the University of the Highlands and Islands. And that university came into being in 2011. It's quite a usual set up. It has 15 constituent colleges across the whole region and interspersed between those are a number of learning centres, so it means that anybody anywhere in the region is very close to a further or higher education facility. That is supplemented by a high degree of online delivery of courses. And what that means is that young people no longer have to leave the region for education. They can, if they wish (and many of them still choose to do so), but some of them choose to stay at home, so they can do their degree without go out the region.

Thus, there have been a number of significant investments, as the Inverness Campus, which is the largest university campus, and the specialist marine science facilities which are down in Argyll (Figure 7). So, again, educational and training offer is dispersed across the region and providing real opportunity for education and also for highly skilled work in research.

We've heard a lot today about digital infrastructure and its importance in enabling activity in rural areas. There's been a lot of investment in this in the Highlands and Islands, and there is ongoing investment. The Scottish Government commitment is that everybody, every business, and every household, by the end of next year (2021), will have access to super-fast broadband speeds to broadband of 30 megabits or greater. That investment continues, and that's the recognition that it really does reduce the impact of distance and now allows a diversity of economic activity as well as its importance in delivering and accessing public services.

All of these areas of activities are ongoing, and they all have an impact on, I suppose, the attractiveness of the region as a place to live and work and do business. They all enable opportunities for individual to find different types of work, to pursue

their career aspirations, to access training and support as they need. They're really important in terms of ability to access public services, which you know over the distances that we have, can be challenging.

Figure 7.
Supporting Businesses / Sectors

Source: https://www.hie.co.uk/
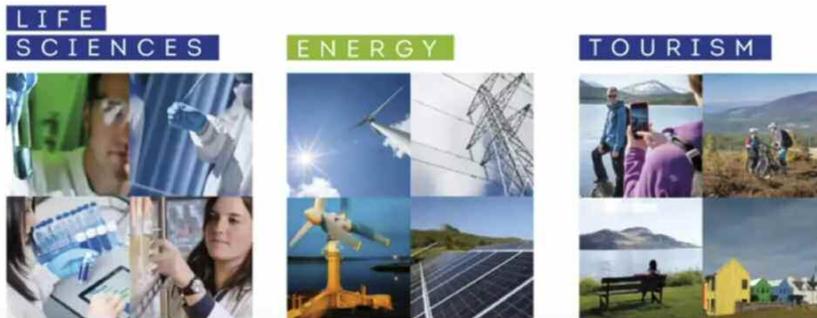
2.4. Some results: changes in terms of population

Over the last 20 years or so population has largely continued to rise. And that rise is slowing. We're not immune to the pressures and the attractions, as every other rural is of large urban centres. And there is a tendency for drift away from remote rural areas towards urban centres. We're not immune to that. I think we've done quite a good job making the region an attractive place to live and work and do business, mitigating those pressures, to a some degree. But those pressures still exist, and I want to just have a look at the current situation in terms of population, and some of our thoughts and some of the potential responses.

So, lots of numbers on the Table 1, but I really just want to share with you some of these numbers. You'll see some pluses and minuses here, and what that really tells us is that within a region where population has been growing (and is growing ever so slightly, or maybe stabilized is probably the right term for it), there are some areas where there is a greater population challenge. Thus, if we look at areas like the Outer Hebrides, Argyll & Bute, and Caithness and Sutherland, that's on the West Coast

largely and along the top of the mainland, there are clearly issues around reducing populations in those areas. Other parts of the region population continue to rise and so. There is variation across the region, and overall, you'll see that the Highland and Islands population increase is slight and lower that Scotland as a whole, and that's reflective of these pressures that all rural place has.

Table 1:
Population change across the Highlands and Islands, 2001 to 2018

	Population 2001	Population 2001	Population 2018	Change 2001–2008	Change 2011–2011	Change 2011–2018
Outer Hebrides	26,450	27,690	26,830	1.4%	4.7%	-3.1%
Argyll & Bute	91,300	88,930	86,260	-5.5%	-2.6%	-3.0%
Shetland Islands	21,960	23,240	22,990	4.7%	5.8%	-1.1%
Highlands	208,920	232,730	235,540	12.7%	11.4%	1.2%
Lochaber, Skye & Wester Ross	36,933	39,146	39,339	6.5%	6.0%	0.5%
Caithness and Sutherland	38,426	39,808	38,267	0.4%	3.6%	-3.9%
Inner Moray Firth	133,561	153,776	157,934	18.2%	15.1%	2.7%
Moray	87,000	93,470	95,520	9.8%	7.4%	2.2%
Orkney Islands	19,220	21,420	22,190	15.5%	11.4%	3.6%
Highlands and Islands (LA based)	**454,850**	**487,480**	**489,330**	**7.6%**	**7.2%**	**0.4%**
Scotland	**5,064,200**	**5,299,900**	**5.438,100**	**7.4%**	**4.7%**	**2.6%**

Table 2.
Population projections

	2016–2041 change
Local Authorities	
Outer Hebrides	-14.0
Argyll and Bute	-9.9
Shetland	-2.2
Orkney	-2.2
Highland	1.4
Moray	8.1
Sub Highland Areas	
Caithness and Sutherland	
Sutherland	-11.9
Caithness	-21.1
Lochaber, Skye and Wester Ross	
Ross and Cromarty	8.7
Skye and Lochalsh	11.8
Lochaber	-5.9
Inner Moray Firth	
East Ross	-13.8
Mid Ross	12.2
Nairn	6.6
Badenoch and Strathspey	-5.3
Inverness	11.2

If you look at the projections (Table 2), you look at this and you think "oh my goodness". This is very challenging. The projections show population decreases in Outer Hebrides, Argyll and Brute, Shetland and Orkney, a modest increase in Highland and a significant increase in Moray. I think that what that does for us is basically says very clearly: no matter what we have done up to now and how successful our policies have been up to now. This is clearly that the job isn't complete and there is much still to do. I do take heart that we have generally outperformed projections in the past, so these are only projections. And I think our challenge is to put in place policy interventions that mean that these predictions are inaccurate, and the situation doesn't develop in this way.

Just want to share this with you as well (Table 3). We're looking here at dependency ratios. The ratio of working age population to non-working age population, and again you can see in those projections significant aspects. There has been significant increase between 2011 and 2018, and there is a projected significant increase. Up to

2041, this really does tell us that the job isn't done yet and we need to continue, and maybe enhance our approach to population issues.

Table 3.
Dependency ratios

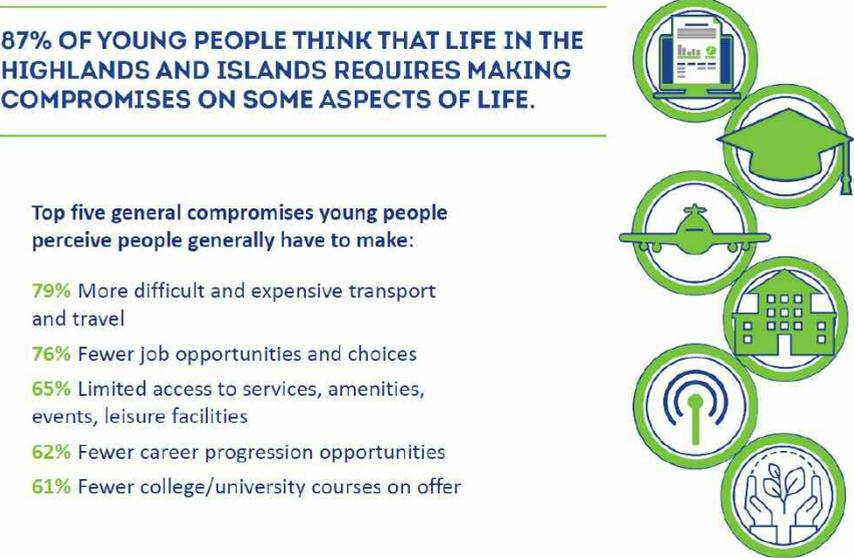|	2011	2018	2021 – projection
Outer Hebrides	62.7	71.1	94.5
Argyll and Bute	61.4	68.2	95.0
Shetland Islands	55.3	61.6	78.8
Highlands	57.3	63.3	83.7
Lochaber, Skye & Wester Ross	59.1	65.0	*
Caithness and Sutherland	61.5	69.0	*
Inner Moray Firth	55.8	61.6	*
Moray	57.9	62.1	79.8
Orkney Islands	58.0	65.4	89.0
Highlands and Islands	**58.4**	**64.4**	**85.0**
Scotland	**52.0**	**55.7**	**69.9**

I just want to share with you very briefly some little information about young people. We recognise young people as really the key to our population challenges. For many years young people would leave school, they would go away to university and develop a career, and they would not come back to the region, if at all, until later in life. There was a prevailing attitude amongst young people that to be successful you have to leave the region. That seems to have changed.

But our latest research around young people were actually very positive: 69 % of young people feel that those who are able to stay in the region are lucky to be able to do that. So, young people really value being able to stay in the region (up from 62 % in 2015). A majority of young people really want to stay in the region, and there's a great deal of pride in where they come from, so real positivity, no longer it is seen as "You have to move away to be successful", there's a real pride in where they come from (87 %, up from 78 % in 2015).

But at the same time, young people recognise that they have to make compromises in certain aspects of their life to live in the region. And I guess our job is to

reduce the level of these compromises (Figure 8). Compromise is around the difficulty and the expense of transport and fewer job opportunities (particularly fewer career choices). People don't want to have a job and then have to move away for the next job (career progression). The university and college offer are still a challenge, but getting better given the existence of the University of the Highlands and Islands.

Figure 8:
Perceptions of young people on compromises

87% OF YOUNG PEOPLE THINK THAT LIFE IN THE HIGHLANDS AND ISLANDS REQUIRES MAKING COMPROMISES ON SOME ASPECTS OF LIFE.

Top five general compromises young people perceive people generally have to make:

79% More difficult and expensive transport and travel

76% Fewer job opportunities and choices

65% Limited access to services, amenities, events, leisure facilities

62% Fewer career progression opportunities

61% Fewer college/university courses on offer

Source: https://www.hie.co.uk/

In addition, Figure 9 shows that migration is still important, although nevertheless concentrated at certain ages. It is particularly noteworthy that the outward migration of young people is particularly concentrated within the 15-19 age group. In other age segments out migration is partially offset by in migration, resulting in positive values of net migration.

AI pie: Source: https://www.hie.co.uk/
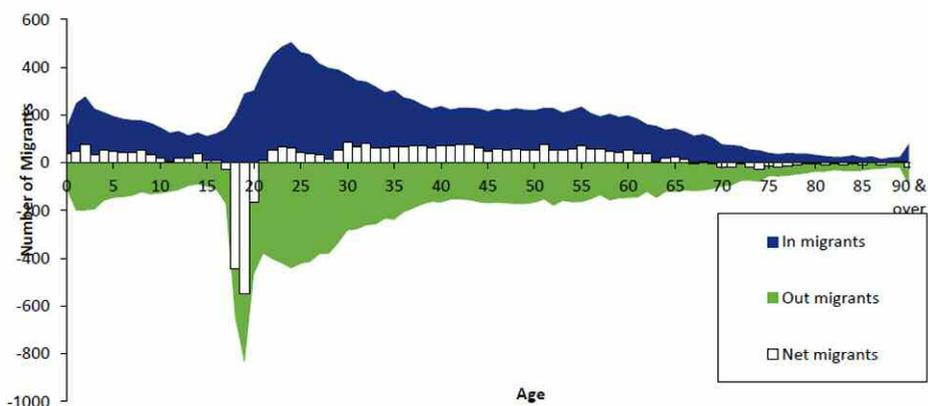
2.5. Influences on population retention / atraction and our responses

That's very interesting from a young people point of view, because it really does flag up some of the issues that we have to deal with and some of the things that young people want to see and want to see addressed if they're going to stay in the region. And I just wanted to focus very briefly into the future and look at some of the influences on population retention and attraction. I guess there are a couple of big macro influences:

a. Brexit. I rarely get through a presentation these days without mentioning Brexit, given that five of the six worst hit areas of Scotland by Brexit are in the Highlands and Islands. In terms of local authorities five of the six local authorities that will be hardest hit by Brexit are in the Highlands and Islands. And that's reflecting of the new funding that comes to the region, the economic makeup into that, since there's lots of agriculture, there's lots of food and drink production which will be severely impacted by Brexit, and quite a number of businesses with immigrant work populations. And we have a

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significant number of overseas immigrants living in the area. That will, and the issues around Brexit will challenge us in terms of addressing population issues.

b. The second big influence obviously is COVID. I think as we said earlier today, it is too early to tell exactly what the impact will be. Our analysis tells us that the Highlands and Islands economy will be slower to recover than the Scottish economy as a whole, largely as a result of its particular strength in food and drinking tourism, which are the two sectors that have been most affected by COVID. That kind of recovery from COVID might be long and slow. I suppose the flip side of that is that we are seeing increased interest in people looking to move out of urban areas to rural areas. What we do not yet understand is that to the extent of people looking to move to quite a remote rural area or are they looking to move maybe an hour or so from a city, and will it manifest itself in purchase of second homes. That is to say, if people will partly flip from a city location or to a close rural location, or will it be a wholesale a full relocation from city to rural. We don't know yet, there may be some opportunities around that that we need to explore but it's not yet clear.

c. The third big influence on population retention and attraction is linked with relative economic opportunities. If people are to live in a region, they need to make a living in the region, so they want work, they want career, they want to be able to access education without moving away. For that, connectivity in clearly a key, physical and increasingly digital, so continued investment in that is required. Housing is a really big issue, especially for young people. Sometimes young people move away because their choice is stay living at home or move out of the region because there isn't local housing for them, and it's an area that we seek to influence. We don't have a direct remit to provide housing, but we seek to influence those who do.

d. And the other influence which is almost a softer one, it's around culture and heritage, and community and priding community. Being active in your community and that real sense of being part of vibrant community, which is incredibly strong in the Highlands and Islands. And certainly, is attractive both for those people looking to return and those who are looking for a new opportunity and a new experience.

In terms of our place-based responses, we will continue that kind of capital investment and economic development approaches, focusing on developing those opportunities, those enabling investments and the like recognising that we need to

tailor that and intensify in certain areas (those areas of the West coast and the North). We will continue our strategic focus around young people, because in our young people we have a population who we know value their connections to the region and are looking for opportunities to live and work there.

Building and enhancing the social infrastructure, building that community confidence capability and capacity, all of these is incredibly important. And I think on top of that, we will need to consider the development and promotion of specific migration policies. We haven't done a great deal of that hitherto, but we maybe need to look at that in the future.

And all that I would say is part of a multi-agency partnership approach. We don't do it as an organisation ourselves, we work with the local authorities, we work with community groups, we work with business organisations, we work with Scottish Government. So, it's a real partnership. And we need to align and grasp those synergies from national policy responses. At a national level it's quite heartening to see that the Scottish Government has a population migration task force established. They're looking at developing a more detailed understanding of population trends, and they are, in fact, adding some population indicators to their analysis on national performance framework that drives public funding and public investment. There is a recognition tat the government level of the importance of these population issues. And there is a national programme that it's not just about talent attraction, but it's about promoting Scotland, that's a place to live, to work, to study, to visit, etc. And if you go to the Scotland.org website you will all want to come to Scotland when the COVID allowed you to do so, I can guarantee it.

3. Conclusions and thoughts on three concluding questions

A few very quick conclusions. If we go about 50 years ago, the catalyst for action was a real crisis. Something had to change, and something did change. I think throughout those 50 – 55 years now, and being ambitious and taking risks, has been a hallmark of what we have done. Alongside that broad approach to regional development, and business community people and infrastructure, and not just looking at traditional rural sectors, but looking at a broad-based rural economy.

The organisation being rooted in communities and really understanding those communities was incredibly important. Strong and effective partnership working as I've mentioned. We can't do it on our own, we need to influence others to act alongside us.

And the last one there, which the numbers very clearly show is that this work is not complete. The atractiveness on population from urban centres continue and we have to continue being creative and focused in addressing those challenges, and we are trying to mitigate them.

And to conclude, reflections on three key questions that have been raised during the debate.

1. A large part of the money available to the organisation is being invested in talent, in capacity building, in helping entrepreneurship, and you have selected young people as a strategic group. You are making it so that 70% of them no longer want to leave, you are creating opportunities so that these young people can do things in the territory, and you are generating social capital, which is a fundamental rooting factor. Thus, what is the link you have with the regional or national public administration, and to what extent is there overlap between what they can do and what you do?

   We tend to work in close collaboration with local government and the local authorities, so in terms oof our economic development function local authorities do not do a great deal of business support now. They used to but as their budgets have contracted, they've done more and more less. So, in terms of business support and business development there is little or no overlap. They do some work with very small businesses, and we tend to work with more established and larger businesses. There's a relatively clear split between what we do and what they do. There's a quite degree collaboration between us and local authorities around community support, and we do have regional mechanisms in place to align and ensure that what we collectively do doesn't overlap and fits together. We're probably not always successful in that, and sometimes there is overlap, but generally the relationships are quite positive.

2. What makes your agency a success?

   I think the key success factors are the remit that we have, because there is the business development or their community support agencies, and they do have the breadth of remit that we have. So, I think a breadth of remit is very

important, so we can support business, we can support community, because you can't have one without the other. That would be one thing.

I think a further strength is that we have always been seen as a very strong advocate for our region, so we're a very strong voice for our region. So, although we are an agency of government, we will happily tell government when they've got it wrong or when we think they should do something different. We understand our region, we know what the region needs and we're very vocal in telling government what should be do.

I think a third factor is the fact that we are part of the community's business and social communities that we serve. We are rooted in those communities we have that devolved structure, so we have locations across the whole of the Highlands and Islands. I suppose that gives us a strong motivation to develop the region, and it also gives us a very strong understanding of the businesses and communities that we work with, and in terms of location, we're very close to those people that we need to collaborate with.

Those are a three very clear strengths I think that we have as an agency, and I think if we go back to the beginning of the organisation, a further strength was the flexibility that the organisation was given at the outset. So, back in the mid-60s, when the organisation was established and for quite a long time afterwards, the government view was "You know your region better than we do. You know what will work, what will not work, and therefore you should make the decisions about what the interventions should be and what the support should be". It's probably a little less like that now that it was and there's probably a degree more guidance, should we say, from government. I'm choosing my words carefully here, but certainty in the early days that flexibility and the trust the government gave the organisation to do what was best for the region, I think was a real strength.

3. What's your relation to the local action's groups and if they, in some way, are integrated in your actions plans for the development of the Highlands and Islands?

We have, in terms of our local offices, then each of the local action groups usually has a representative from the Highlands and Islands Enterprise sitting on that local action group. In some cases, the local action group is chaired by a staff member of Highlands and Islands Enterprise (certainly in one case I think that's in Shetland). So, we're involved, we generally sit as a member of the local action group and make our views known through that mecha-

nism. Beyond that, we don't work really closely with the local action groups. A lot of their activity sits alongside ours rather, so we tend not to support the same organisations in the same kind of ways. So, it's almost a parallel relationship, but I supposed the link is the fact that we are part of those local action groups, so we understand what they're looking to do, how they're looking to do it, and we can provide our views on that. So, in terms of the management and the decision making of those groups we're part of that. I'm sure there is some overlapping with them. We would like everything to be perfectly aligned and perfectly matched, but I think there probably is some overlapping.