

CoHI – MILLPORT MARCH 2018 – WRITTEN UPDATE

HIGHLANDS AND ISLANDS POST-2020

1. At the last meeting of the Convention in Oban on 30 October 2017, CoHI Members considered a paper which outlined work being undertaken by the CoHI Senior Officers Group (SOG) on post-2020 priorities. That work was endorsed by Convention Members and on-going activity approved to refine what is deliverable; identify risks and resource implications; devise an implementation plan; and develop annual implementation reporting structures.

2. The 7 key themes identified in the October paper (Digital; Transport; Skills; Talent Attraction; Marine; Energy; and, Housing) are now being progressed within an overarching project structure. Brief initial outlines of, or updates on, all 7 project plans are attached in **Annexes A to G**.

3. As each project develops and approaches key milestones, future CoHI agendas will be tailored to allow specific updates to be provided to Convention Members at opportune Spring and Autumn meetings. Work continues to determine appropriate annual reporting procedures.

4. These integrated projects sit squarely in the challenging context of a post-EU operating environment. The issues and actions outlined in the October post-2020 priorities paper prepared by the SOG remain current and relevant. That is to say, the key issues for the Highlands and Islands continue to be:

- Changing policy / funding landscape
- Future collaborations and partnerships
- Attraction of people / talent
- Access to markets

5. On a changing policy / funding landscape, it is likely that some aspects of EU policy (regional / rural for example) will not apply to the UK and the associated EU funding will not be available to us. This will clearly necessitate a need to argue for, and secure, funding from new (UK / Scottish) sources. The specific impact on funding for the Highlands and Islands makes this the main priority for the region, and with so many potential ways to address future funding this should be an urgent priority for CoHI members, and should be taken into consideration when developing individual work streams. On the other three remaining key issues highlighted above, it is very likely that the Highland and Islands' access to collaborative partnership, our ability to attract people and talent from the EU, and our market access will be reduced to some degree and will become more difficult. As previously stated, the detail of each of these is dependent on UK / EU negotiations and is, therefore, not clear at present.

DIGITAL

Project work strand:	Digital
Project lead:	Stuart Robertson, Director of Digital Highlands and Islands, Highlands and Islands Enterprise
Project team members:	HIE Digital Team and Economic Development staff from Local Authorities and IT strategy staff from UHI
Project aim/purpose:	<p>The project aim is twofold:</p> <ul style="list-style-type: none"> • to develop a range of actions to maximise the effective and efficient use of digital technologies by the public sector, business and individuals; • to consider and agree a strategy for ensuring that fixed and mobile connectivity across the Highlands and Islands stays up to date following the completion of SG’s R100 and Programme and Mobile Acton Plan.
Project plan:	<p>The plan will consist of a range of activities;</p> <p>on the supply-side – encouraging the telecommunications industry to invest in the region through highlighting demand and through indirect and direct public sector investment;</p> <p>on the demand-side – vouchers to encourage take-up, businesses support on digital technologies, innovation and marketing.</p> <p>It will be essential to harness existing initiatives such as the Local Full Fibre Challenge Fund, City/Island Deals and gigabit voucher schemes. HIE and Business Gateway business support will continue in 2018/2019 offering one to one and one to many advice and guidance. Emerging issues such Cyber Security will tackled as they arise.</p> <p>Development of strategies for overcoming the shortage of digital skills will also be a key element and this may involve a wider of range of partners than the core members mentioned above.</p> <p>An area of particular focus should be the consideration of how the public and private sectors can work together to</p>

	provide modern communications infrastructure and services in areas with small or scattered populations (particularly islands) where there is no commercial case for investment and the cost of deployment is especially high.
Project timetable:	<p>Superfast broadband is now available to some 78% of the premises in the Highlands and Islands. Take-up is currently around 42% (of those who can access it) and rising. This is encouraging but as R100 brings improved broadband speeds to those without over the next three years, greater take-up and effective use of digital technologies should be further encouraged. Consideration should be given to augmenting existing activities. This can start immediately.</p> <p>The R100 Programme and the Mobile Action are being rolled out over the term of the current Parliament. By 2020 it is essential that we have plan for how the region will progress from superfast to ultrafast (gigabit) and from 4G to 5G.</p>
Risk register:	To be developed as strategic direction is considered and finalised.

TRANSPORT

Project work strand:	EQUALITY OF ACCESS TO 21ST CENTURY TRANSPORTATION SERVICES
Project lead:	Gavin Barr, Director, Development and Infrastructure, Orkney Islands Council
Project team members:	Hitrans, Zetrans, South West of Scotland Regional Transport Partnership, Council leads on Transportation, HIE Regional offices and Transport Lead, NHSO Healthy Living/Walking contacts
Project aim/purpose:	<p>To deliver the following Cohi principles and strategic aims:</p> <ol style="list-style-type: none"> 1) Recognition of the prime importance of transportation infrastructure service levels and affordability to life and business prosperity across the region. 2) That transport underpins and is essential to the delivery of an inclusive society and economic prosperity as well as direct accessibility of wide range of sectors including health, education, care, tourism and commerce across the region. 3) The priority to urgently secure and then maintain common standards of transportation infrastructure and service provision for like for like communities across the Region, with reference to the objective of a comparable, fully integrated, 21st century standard of infrastructure and services across all of Scotland. 4) That diversity and uniqueness of communities, geography and economic opportunities across and within the Region, (in particular the position for rural and island communities which have unique and different challenges) requires a greater level of subsidiarity, resourcing and flexibility in the specification and delivery of transportation services. 5) To achieve low carbon energy based transport solutions wherever possible and the specific aspiration to identify and deliver progressively toward 100% low carbon transport systems within the region” 6) To deliver an appropriate level of infrastructure and service level provision to deliver equal access to services and governance and to enable inclusive growth opportunities for all communities across the COHI region
Project plan:	<p>ACTIONS</p> <ul style="list-style-type: none"> • Support and champion all transport infrastructure and service improvement projects across the Region where these fit within the principles and aims outlined below.

	<ul style="list-style-type: none"> • Input into development of Future Scottish Government Policy and legislative provisions eg Islands bill Planning Bill and Transport Bill and National Transport Strategy • To identify options for non-trunk road developments in terms of eligibility for additional funding on a case by case basis, driven by an assessment of the additionality such investment could bring. This could include issues such as pressure on nationally significant of tourist destinations or the potential regional and national economic impact of improving transport routes in support of new commercial ventures. Such funding could be channeled through Regional Transport Partnerships. <p>Key tasks:</p> <ul style="list-style-type: none"> • Establish a method of collating transportation infrastructure and policy gaps across the Region, with initial cost budget estimations (link to STAG) • Establish a method of monitoring all Government policy and legislative programmes to ensure fit with Cohi principles and strategic aims (outlined above) • Establish a mechanism to “call in” policy and legislative programmes which do not fit with the Cohi principles and strategic aims (outlined above) • Establish mechanism to secure priority in future Transport Scotland decision making on infrastructure projects toward those which satisfy Cohi Principles and strategic aims.
Project timetable:	To be confirmed
Risk register:	To be confirmed

SKILLS

Project work strand:	Fuelling Skills in Highland and Highland Post 2020
Project lead:	Skills Development Scotland - Seonag Campbell
Project team members:	Representative from SDS, HIE, UHI, Local Authorities, Bord Na Gaidhlig and Lead Officer from Regional Educational Improvement Group (Northern Alliance).
Project aim/purpose:	<p>The Convention of The Highlands and Islands (COHI) have identified a series of key themes that require a strategic response, and action plan, to ensure the Highlands and Islands is informed and well prepared for the potential impact of Brexit. The need to continue to ensure a skilled workforce and skills provision that meet the needs of the economy and enhancements across the education system to raise attainment and ensure sustained positive destination have been identified as key priorities.</p> <p>Currently, the Highlands and Islands Skills Investment Plan (HISIP) provides the mechanism for co-ordinated skills planning through an action plan that provides a response to 5 main themes:</p> <ul style="list-style-type: none"> • Meeting the current skills needs of employers • Planning for the future • Strengthening the employers voice in the skills system • People attraction and place attractiveness • Creating a region for young people <p>These themes remain highly relevant as the key drivers to prepare a cohesive response to many of the skills issues the region may face post Brexit, as well responding to the ongoing challenges in respect of an ageing population, replacement demand in the workforce, out migration of young people, potential for reduced access to EU workforce and an urgency for a coordinated approach towards Talent Attraction.</p> <p>Progress with the implementation of the HISIP has been reported to COHI through the HISIP programme Board since 2015. As part of the commitment to ensure the HISIP remains responsive to emerging skills challenges and opportunities and the potential impact of Brexit on the region, SDS has recommended updating the HISIP action plan to ensure it:</p> <ul style="list-style-type: none"> • Responds to key recommendations and integrates the actions from recent and emerging skills analysis on key sectors such as Digital, Energy, Manufacturing, Early Years and Childcare, Agriculture, Aquaculture, Hospitality, Tourism and the needs of Gaelic related LMI

	<ul style="list-style-type: none"> • Supports the Enterprise and Skills review and enhanced skills alignment • Maximises the potential of UHI ROA to support meeting the needs of employers/industry and the ability to retain and attract a skilled workforce • Meets skills needs arising through projects developed as part of the successful Inverness City Deal and the innovation and infrastructure proposals being developed through Moray Growth Deal, Argyll & Bute Rural Growth Deal and the Islands Deal • Supports DYW and employer engagement that helps influence the curriculum and raise awareness of local and national opportunities to pupils, parents and teachers • Supports Regional Improvement Collaborative (Northern Alliance) in its aim to reduce inequality in educational outcomes, enhance employability skills and ensure sustained positive destinations for school pupils <p>The activity to update the HISIP Action Plan will also be informed by the assessment of the outcomes achieved through the HISIP (2014-18) as well as the analysis of what has worked well and where there are areas for improvement.</p> <p>The HISIP and its Action Plan will communicate an urgency and set high expectation on all partners to work together to:</p> <ul style="list-style-type: none"> • accelerate the implementation of a meaningful set of actions to address; depopulation; promote the region; promote the inward attraction of new families & associated place based improvements • intensify the links between skills investment and the needs of the employer • expand work based learning and anchor young people in the region via innovative apprenticeships...and • identify critical exposure of key sectors/regions to migration of workers due to BREXIT
<p>Project plan:</p>	<p>Updating HISIP Action Plan</p> <p>To ensure continued ownership and commitment to the HISIP, it is important to involve the key partners in the process to update the Action Plan. In September 2017, the HISIP Programme Board discussed the directive from COHI and the proposal to update the HISIP Action Plan. It was agreed that a working group was set up that would facilitate the process of updating the Action Plan. It is proposed that this group will be led by SDS and include membership of the HISIP Programme Board and other relevant individuals/organisation, such as:</p> <ul style="list-style-type: none"> • HIE • UHI • Local Authorities • BNG • The Lead Officer for Northern Alliance

	<p>The HISIP Post 2020 Steering Group will agree the process of updating the Action Plan to include:</p> <ul style="list-style-type: none"> • A clear statement on progress with the implementation of the initial HISIP Action Plan • Agreeing a consultancy brief to undertake the work to update the action plan <ul style="list-style-type: none"> ○ Process of engagement with local authorities, key partners and lead agencies on current actions, amendments and identifying new actions ○ Engagement with employers and business sectors on the Action Plan ○ Engagement with DYW Groups on the HISIP Action Plan and how it relates to their KPIs (DY groups funded to 2021) ○ Provide a short narrative that presents the socio-economic challenges and opportunities of the region from 2018-2021 and an updated action plan • Provide funding and support towards the costs and process of updating the Action Plan • Agree a process for implementation and the ongoing monitoring and evaluation of the Action Plan • Secure endorsement and commitment from local authority political leaders and agency CEOs for the updated Action Plan
<p>Project timetable:</p>	<ul style="list-style-type: none"> • HISIP Post 2020 Steering Group planning workshop held March 2018 • Consultancy brief agreed and commissioned by end of April 2018 • HISIP Post 2020 Steering Group workshop/progress meetings held April to July • Updated HISIP Action Plan draft by Aug 2018 • Final draft and commitment/endorsement from Local Authorities and agency CEOs by Sept 2018 • Updated Action Plan presented to COHI in October 2018
<p>Risk register:</p>	<p>To be developed by the HISIP Post 2020 Steering Group</p>

TALENT ATTRACTION

Project work strand:	Talent Attraction
Project lead:	Highlands and Islands Enterprise (David Reid)
Project team members:	Currently all Highlands and Islands Regional Skills Investment Plan partner organisations (Officer Level).
Project aim/purpose:	<p>The overarching objective of the Highlands and Islands Talent Attraction and Retention Strategy (revised Action Plan June 2017 appended) is to:</p> <ul style="list-style-type: none"> • increase the number of working age people living and working in the region; • reverse the forecast decline in population while rebalancing from aging to young/working age residents by achieving year on year positive net migration; • ensure that business located in (or locating into) the Highlands and Islands are able to access an appropriate scale and scope of skilled future talent; • develop a co-ordinated approach across the Highlands and Islands to talent attraction and retention
Project plan:	<p>The scope of this project is to continue to evolve and deliver a regional solution to attract and retain skilled working age population through the Talent Attraction Strategy Action plan which takes into account both local and regional activity.</p> <p>The regional strategy has gone far to demonstrate the importance and increased impact of linking local, regional and national talent attraction efforts and partner organisations are, without exception, bought in to this approach.</p> <p>A clear understanding of the key messages in the promotion of opportunities linked to need for a sustainable future labour market is essential and each partner needs to define, align and resource their own efforts into delivering and evolving the regional talent attraction plan on an ongoing basis.</p> <p>It was suggested to CoHI via the October update paper on Talent Attraction that it was our recommendation to discuss the option of removing the governance of the regional talent strategy and action plan from the HISP Programme Board and placing it under the control of a new forum.</p> <p>This forum would be represented by Senior Officers from member organisations and allow all the CoHI Sub-Group</p>

	<p>development areas of skills, housing, digital, transportation, marine economy and energy to all contribute to the ongoing development and delivery of the regional talent attraction approach.</p> <p>The immediate action required is for CoHI to agree on a suitable structure for taking Talent Attraction forward. Terms of reference for this structure are being developed at this time.</p> <p>This approach would strategically align local and regional perspectives and actions and ensure buy-in at the most senior level cementing a coordinated and collaborative proposition.</p> <p>The actions identified in the regional plan will take us so far and we need to allow time for those to be developed and delivered to prepare the foundation from which to build on moving forward.</p>																												
<p>Project timetable:</p>	<p>This project strand does not follow a defined timetable at this stage as ownership and agreement for moving forward is yet to be reached.</p> <p>The regional action plan has labelled activities as short, medium and long term and some Activity Leads are working to that schedule specifically around regional information and marketing propositions.</p>																												
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MARINE

Project work strand:	Maximising the Marine Economy of the Highlands & Islands (MAXiMAR)
Project lead:	Highlands and Islands Enterprise (Morven Cameron)
Project team members:	A wider Consortium is in place to support the MAXiMAR Science & Innovation Audit (SIA). This is led by HIE and includes UHI, Scottish Aquaculture Innovation Centre, Industrial Biotechnology Innovation Centre, Marine Scotland, Heriot Watt University, MASTS, Wave Energy Scotland, EMEC and the National Oceanographic Centre. A regional team is yet to be established.
Project aim/purpose:	<p>The aim is to develop a strategy for optimising the marine economy in the region through working in partnership and focussing on key marine-related sectors especially Aquaculture, Marine Biotechnology and Wave & Tidal energy. This strategy will be partly informed by the SIA process which will result in a Report being published by the UK Government (BEIS) in the summer. The Audit is focussing on 4 areas:</p> <ol style="list-style-type: none"> 1. Assess the existing and future economic value to the UK from the region’s most significant and highly innovative marine-related opportunities; 2. Consider the extent to which the existing planning, policy and regulatory framework is supportive of these economic ambitions; 3. Interrogate the conditions necessary for successful marine technology industry clustering; 4. Consider the accessibility to the right level of scientific and workplace skills to support the growth ambitions of the marine economy
Project plan:	<p>The SIA process is now underway. This is being undertaken on our behalf by ekosgen and Imani consultants and involves a three -pronged approach:</p> <ol style="list-style-type: none"> (1) A series of themed workshops to capture key information (2) A series of stakeholder consultations (3) Desktop analysis of a vast archive of data – reports, study, research papers etc <p>The SIA will report at the end of June. The report will outline the opportunities and propositions that the region should be embracing in order to create more value from the marine economy. A regional team/group will be brought together in May to input to the draft report, and discuss and agree a project plan.</p>
Project timetable:	<p>May 2018 – Regional team to meet and input to audit June 2018 – MAXiMAR SIA report submitted</p>

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	Summer 2018 – UK Government to publish report Summer 2018 – Regional team to meet to discuss recommendations and agree set of follow up actions. October 2018 – consider reporting to COHI
Risk register:	Too early to identify risks. Need to develop the Plan first.

ENERGY

Project lead: Audrey MacIver, Director of Energy, Highlands and Islands Enterprise

Overview

Energy represents an enormous economic, industrial and social opportunity for the Highlands and Islands, building upon a legacy of hydro power, oil and gas exploration, and significant advances in renewable energy deployment.

The Scottish Government Energy Strategy (published December 2017) presents a transition towards a low carbon energy future, and very ambitious targets for Scotland's energy future, including the equivalent of 50% of all energy consumption (electricity, heat and transport) to be supplied from renewable sources, and an increase by 30% in the productivity of energy use across the Scottish economy.

The Highlands and Islands of Scotland will have a major role to play in the delivery of the strategy, and it plays very well into the region's strengths.

Nature of Opportunity/Scale of Challenge

The paper to CoHI in October 2017 summarised the nature of the opportunity and scale of the challenges. It is recognised that opportunities for significant job creation and retention exist in the field of maximising oil and gas recovery, and as we reinforce the region's lead in decommissioning. Increasing renewable energy deployment to meet national targets will require a mix of technologies (established and emerging) drawing on the expertise and capabilities of people and companies throughout the Highlands and Islands. Out of necessity, we have as a region, and in particular our island communities, proved to be an ideal test bed for the development of local energy systems, and this places the region in a strong position to influence and design the required technology integration and business models.

For the region as a whole, the opportunities can be summarised as follows:-

1. Build on our world leading status on marine energy
2. Establish region as a Centre of Excellence in Subsea and Decommissioning
3. Fully exploit Offshore Wind supply chain opportunities
4. Develop industry expertise in Local Energy Systems
5. Lead the ambition on community owned energy
6. Maximise investment in energy efficiency throughout the H&Is.

The many advantages our region has to offer the energy sector are by virtue of its location and legacy developments (resource, skills, infrastructure) yet these too can present challenges. Fuel poverty remains prevalent and the prospect of harnessing the full potential of the natural resources is hampered by severe grid constraints and lack of island inter-connection.

Actions for CoHI – progress

Leading, enabling and facilitating progress against the opportunities outlined above involves a range of stakeholders and members of CoHI to varying degrees and a range of collaborative approaches. It was felt that CoHI could provide specific additional value in the case of island grid interconnection, a renewed emphasis on energy efficiency, and influencing the proposed government owned energy company (GOEC). The table below lists these key actions, progress being made, and proposed next steps.

Table 1 Action Plan

Action	Progress	Next Steps
1 Secure UK Government cross-party and cross-departmental support for Scottish Islands Interconnection through consistent messaging on scale of industrial opportunity for the UK and scope for community benefit – this will include CoHI responses to future consultation on remote island wind definition and community benefit.	<p>UK Government Consultation on Remote Island Wind is underway, and HIE along with the Island Local Authorities and SG are preparing a response.</p> <p>The eligibility to compete in the next CfD Auction (Spring 2019) is, however, just a small step in the right direction, as it will still require onshore wind projects to compete against offshore wind, and potential support via the Island Wind CfD may still prove insufficient to accommodate liabilities associated with island grid interconnection costs, or to reach positive final investment decisions.</p> <p>Positive news received 9/2/18 regarding State Aid approval for Island Wind.</p>	<p>HIE and Local Authorities to ensure robust submission in response to the Consultation (due by 9 March) and engage where possible directly with BEIS and Ministers to ensure participation in the next CfD auction process offers a realistic prospect of success.</p> <p>Further, we will continue to work with developers and SSE Networks to identify opportunities for cost reduction which will impact positively upon competitiveness of potential bids.</p>
2 Publicly pledge to achieve high energy efficiency rating for the H&Is across both domestic and commercial properties.	<p>Through Phase 1 and 2 pilot Local Heat and Energy Efficiency Strategies (LHEES) parts of the region (Shetland, Orkney, Inverness, Argyll & Bute) are actively investigating new approaches to energy efficiency and renewable heat. The learning from these will help inform SG's ambitious Scottish Energy Efficiency Programme</p>	<p>LAs and SG will continue to influence the SEEP Routemap, with a view to it being published in May 2018.</p> <p>Implementation thereafter will require joint promotion, and supply chain</p>

	(SEEP). The SEEP Routemap will be published in May 2018, and is expected to offer significant supply chain opportunities.	opportunities/skills requirements will become more evident.
3 Seek to influence the form and function of the proposed Government Owned Energy Company to help address fuel poverty and secure community benefit.	SG continuing to review options for GOEC with a view to addressing fuel poverty and trust in the energy market. A consultation in Autumn 2018 on proposed remit and structure of GOEC will begin, with current assumption on operation of the company commencing 2021.	Assist SG with drafting of consultation.

Working Group

The key actions identified all involve a joined-up approach by HIE, SG and Local Authorities and therefore, in the case of the Energy workstream, it is proposed not to create a new working group at this point in time. A number of forums already exist, including Scottish Energy Advisory Board, Renewable Industry Advisory Group, the SEEP Partnership Forum, the Scottish Manufacturing Action Plan (MAP) Energy Efficiency Sub Group, and the Energy Intensive Industries Forum, all involving to varying degrees representatives from CoHI members. Further SG intend to establish Industry Groups relating to the six priorities of the SG Energy Strategy. At regional level, partnerships such as the Argyll & Bute Renewable Alliance and the Orkney Renewable Energy Forum also actively address energy opportunities.

It is therefore proposed that instead of establishing a working group for this CoHI Workstream, that specific, timebound groupings are convened with relevant expertise from the respective organisations, where a gap exists. A good example of such an approach is the Scottish Islands Renewables Delivery Forum, successfully convened to tackle a particular significant issue and a joined up approach has been adopted, effectively now ensuring a robust response to Remote Island Wind.

The Energy lead will have an overview of activity across each action area and will keep under constant review the need or otherwise for more focussed working groups at any point in time, to progress the relevant actions (e.g. at time of launch of publicly owned energy company consultation; in response to SEEP Routemap).

Conclusions

CoHI members are asked to be aware of the key actions, what is being progressed, and to support where possible key messages concerning Island Wind (and ultimately Island Grid interconnection), development of Local Heat and Energy Efficiency Strategies and subsequent implementation (and longer term roll out of SEEP), and to input expertise on proposed publicly owned energy company, when consultation is issued later in 2018.

HOUSING

Project work strand:	Housing
Project lead:	Neil Grant, Director, Shetland Islands Council
Project team members:	Establish a Highlands and Islands “Heads of Housing” Project Team using Strategic Housing Leads.
Project aim/purpose:	To ensure that beyond 2020 there is a continued recognition of the role of housing in rural and island areas in relation to sustaining those communities and their economies. Recognition of different solutions appropriate to the scale and circumstances of this kind of geographic areas. Seeking support to ensure continued funding streams are available.
Project plan:	To continue to build on the momentum created in the current housing environment through close working with colleagues across the Highlands and Islands area. Maximising opportunities for joint working across sectors to achieve suitable housing outcomes – e.g. Planning Bill. Looking for innovative ways to improve housing supply and sustain thriving communities. Ensuring that collective evidence is used to support any ‘asks’ of Government.
Project timetable:	Project Team to be set up by the end of March 2018
Risk register:	To follow