

**Area Community Planning Group-
MAKI**

Date: 12 August 2015

Agenda Item: 6



Outcome 1: The economy is diverse and thriving - Progress Report

1. Overall position

The purpose of this report is to provide an update on progress at an overall strategic level for the period to end July 2015 on Outcome 1: The economy is diverse and thriving. Where appropriate some local context is also provided.

To ensure that all measures really add value to our understanding of the performance of the economy, work is ongoing to better define some measures within the SOA. We have commented below on those which provide us with the best indicators.

2. Successes and key achievements to date for Outcome 1

Overall performance is relatively strong reflecting improved the improved economic and business climate.

- Business Gateway has supported 28 new business starts in the first quarter. This is significantly ahead of the previous quarter (17) and ahead of the same period last year(22).
- The number of modern apprentices appears to be lower than expected at 11 but more work is being done to examine this figure and ensure that relevant opportunities are available locally.
- It is still too early for figures from the tourism related businesses to be available but early evidence indicates that last year's improvements are being sustained with a growth in numbers of overseas visitors

Accompanying this update report is a brief look at the investment being made by HIE across our region to support businesses, social enterprises, communities and infrastructure.

3. Risks

Whilst the overall picture is positive, there remain risks to overall progress:

- At the time of writing this report a key Dunoon based contractor Stewart McNee Ltd had entered into Administration and the effects of this on both the local economy and the workforce are being assessed. Public sector agencies are working together to provide support.
- We have increasing anecdotal evidence that challenges in attracting and retaining staff are constraining business growth in a number of areas. Lack of appropriate housing has been cited as a reason in a number of cases. A study led by Argyll and Bute Council with a number of CPP partners is underway to provide more data on the effect of a variety of factors including skills shortages on growth.

4. Opportunities

The Argyll & Bute Sustainable Economic Forum chaired by Nick Ferguson representing the private sector has now held two meetings and is focussing its attention on three topics which are of key importance within our local economy

- Food and Drink
- Tourism and
- Youth Employment and skills.

Partners are engaged in taking forward work on each of these topics.

HIE is currently leading on a 'Transport Connectivity and Economy' study in Argyll and Bute to explore the scale to which transport issues act as a brake on the economic performance of the area. This is a strategic study seeking to assess the impact of current transport connectivity on economic performance in the region, and to understand the extent to which more radical or transformational transport solutions to support regional growth may be required.

Master planning for the next phase of the Kilmory Industrial Estate is underway to ensure infrastructure is available for both local businesses and inward investors and the Machrihanish Airbase remains one of five locations in the UK that are being actively considered as a location for Spaceport UK

5. Summary

Over the first part of the year we have seen continued investment from indigenous businesses and interest from actual and potential inward investors, overall business confidence remains steady. Unemployment across Argyll and the Islands has continued to improve with claimant count rates in each Travel to Work Area falling over the past year as a result of a general improvement in economic and business conditions. The unemployment rate in the MAKI TTWA is down from 1.9% in June 2014 to 1.6% in 2015.

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Appendix – Investing in Our Region