

## ECONOMIC FORUM REPORT

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### 1.0 EXECUTIVE SUMMARY

- 1.1. The Argyll and Bute Economic Forum was established in March 2015 following the economic summit in October 2014. The Forum is chaired by Nick Ferguson CBE who is the current chair of Sky Plc and resident of Argyll. Nicholas Ferguson was asked by the Council on behalf of Argyll and Bute Community Planning Partnership to chair the Forum look from a business perspective into the challenges and opportunities facing the Argyll and Bute economy and our demographic challenges.
- 1.2. The Forum consists of senior representatives of the Argyll business sector, the Council, HIE, Scottish Enterprise, Cal Mac, SAMS and the Scottish Government and meets on a quarterly basis with a number of sub groups established looking at areas of interest such as the tourist industry or skills.
- 1.3. On the 23rd of February 2016 Nick Ferguson published his report on the work of the Forum and what he considers from a business perspective to be main areas of priority that need to be taken forward or addressed by a range of different partners. The report contains a number of key recommendations to support economic growth and address barriers to achieving this growth. The report is available on the council's website and a number of press articles concerning the findings of the report have been published in the local and national media. The full report can be found at <http://www.argyll-bute.gov.uk/economic-forum-report> and is included as Appendix 2.
- 1.4. The work of the Forum continues with Nicholas Ferguson kindly agreeing to remain as Chair. Meeting twice a year the Forum intends to monitor progress with the implementation of the report's recommendations that will be taken forward by a wide range of stakeholders from the public and private sectors.

### 1.5 RECOMMENDATIONS

- 1.6 Members are asked to note the content of this Report together with the main findings of the Argyll and Bute Economic Forum Report that was published on the 23rd of February 2016 which is attached as Appendix 2.

- 1.7 Members are asked to agree that the work of the Economic Forum contributes to the delivery of Council strategic objectives and is of great value towards the delivery of our overall objective that Argyll and Bute's Economic Success is Built on a Growing Population.
  
- 1.8 It is recommended that this Committee records their thanks to all members of the forum for their endeavors with particular thanks to Nicholas Ferguson CBE for leading on the development of the invaluable report.

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### 2.0 INTRODUCTION

- 2.1 This report concerns the findings of the Argyll and Bute Economic Forum Report by Mr. Nick Ferguson CBE the Chair of the Forum and asks for a number of key recommendations and next steps to be noted by Members. The full Report was published on the 23rd of February and can be found at <http://www.argyll-bute.gov.uk/economic-forum-report> Overall the Report is positive about the future of the Argyll and Bute economy, the work that is already being undertaken and the opportunities that are available to help address our demographic challenges. More needs to be done and the report identifies key areas of strength and opportunity in the economy and work that needs to be done to address barriers to growth.

### 3.0 RECOMMENDATIONS

- 3.1 Members are asked to note the content of this Report together with the main findings of the Argyll and Bute Economic Forum Report that was published on the 23rd of February 2016 which is attached as appendix 2.
- 3.2 Members are asked to agree that the work of the Economic Forum contributes to the delivery of strategic objectives and is of great value towards the delivery of our overall objective that Argyll and Bute's Economic Success is Built on a Growing Population.
- 3.3 It is recommended that this Committee records their thanks to all members of the Forum for their endeavors with particular thanks to Nicholas Ferguson CBE for leading on the development of the invaluable report.

### 4.0 DETAILS

4.1 Members will recall that a key outcome of the Economic Summit in October 2014 was the announcement for the Argyll and Bute Community Planning Partnership to establish an economic forum to advise on driving forward economic progress in the region. The Council took the lead role in establishing the group and was fortunate to secure the services of Nicholas Ferguson CBE, Chairman of Sky plc to chair the forum. A resident of Argyll and Bute, Nicholas agreed to lead essentially a private sector led review to advise how best to grow our economy and was joined on the forum by the following;

- Alistair Barge                      Managing Director, Gigha Halibut
- Cathy Craig                        Commercial Director, ScotRail
- John Forteith                      Head of Business Development, Bidvest Foodservice Scotland
  
- Neil Francis                        Director, Scottish Enterprise
- Iain Jurgensen                    General Manager, Portavadie
- Jane MacLeod                    Company Secretary, M&K Macleod Ltd and Secretary of Mid Argyll Chamber of Commerce
  
- Jocelyn McConnachie        Commercial Director, CalMac Ferries Ltd
- Sally Loudon                      Chief Executive, Argyll and Bute Council
- Cllr Aileen Morton              Policy Lead for Sustainable Economic Growth, Argyll and Bute Council
  
- Alex Paterson                    Chief Executive, Highlands and Islands Enterprise
  
- Dr Tracey Shimmield        Managing Director, SAMS Research Services Ltd
  
- Gordon Wales                    Director of Financial Management and Location Director for Argyll and Bute, Scottish Government
  
- Neil Wells                        Managing Director, Lochs and Glens Holidays

4.2 At the inaugural meeting on the 17 March 2015, three sub groups were established to focus on tourism, food and drink including aquaculture and youth and education. At the time, the Chair publicly stated the following;

*“Jobs bring people and prosperity. To create jobs we need to focus on Argyll and Bute’s best opportunities– where employment is already growing, where investment is being made, and where there is advantage in comparison to other areas.*

*Tourism and food production are two key opportunities for further development in Argyll and Bute.*

*To take up jobs, we need people of working age. Our third priority focus will therefore be on how to make Argyll and Bute a destination of choice for our young people. A key part of this will be to consider how best to raise awareness among*

*young people of the career options that exist here in Argyll, and to explore options for more closely linking education, training and local business opportunities.”*

*The next steps for the Forum will be to consider obstacles to progress in each area, and consider what if any additional research is required to support understanding of solutions that will deliver results.*

*Argyll and Bute has so much potential for economic growth. Prosperity is there to be created.”*

- 4.3 The full Forum met a further three times in 2015 and during the summer, the Chair met directly with representatives from key sectors to discuss further the barriers to growth and the opportunities to overcome them.
- 4.4 The chair of the Forum released a report on the 23 February setting out his findings on the current state of the Argyll and Bute economy, the latest position on our demographic challenges and recommendations towards achieving our overall objective that our economic success is built on a growing population.
- 4.5 It can be considered that the recommendations from the report are broadly complimentary with the strategic objectives of both the Community Planning Partnership and the Council and provide valuable and clear insights from the private sector towards the delivery of our strategic objectives.
- 4.6 It is recommended that the Committee records their thanks to all members of the Forum for their endeavors with particular thanks to Nicholas Ferguson CBE for leading on the development of the report for the benefit of the people and businesses of Argyll and Bute. The forum has agreed to meet twice in 2016 for the purposes of monitoring activity related to the recommendations within the report. The private sector members of the forum gave freely of their time.
- 4.7 Thereafter this covering report summarises the key messages, findings and recommendations of the report from the forum which is attached as Appendix 2. Appendix 1 sets out the key recommendations as understood by Council officers.
- 4.8 The report identifies that the main opportunity to deliver private sector employment is in the tourism and food production, including aquaculture. These sectors have demonstrated strong employment growth in the past and significant capital investment even in times of recession. Other sectors that show potential to create additional jobs include IT Services, Marine Sciences and academic research. In terms of education and training there is a need to have adequate post school and training facilities in order to retain and attract young people to Argyll and Bute.
- 4.9 The report then highlights that there is also need to address the barriers to growth that were identified through the work of the Forum drawing on a range of evidence that was presented by individual members of the Forum, advisors to the Forum and an examination of available data from a wide range of stakeholders. The principle barriers relate to digital connectivity particularly mobile connectivity which is increasingly the key to business growth in rural areas, affordable housing and transport connectivity. The report then examines four of Argyll and Bute's main towns Campbeltown, Rothesay, Helensburgh and Dunoon that have experienced

either economic pressures or population decline, or both. Whilst it was recognised that Oban is not without its own challenges, Oban was considered an area with a thriving population and economy when compared to the other towns in Argyll and Bute

- 4.10 A key feature of the report is the identification of a number of recommendations to facilitate growth in the key business section. In terms of tourism there is a need for a coordinated marketing campaign that focuses on Argyll as a key holiday destination and branding relating to some of our key assets such as walking and our cultural heritage. The need to raise the quality of the tourism product and focus on the needs of the customer as a priority. A key element of this will be improving a range of cultural attractions including the likes of Kilmartin Museum and Mount Stuart.
- 4.11 In terms of food production a number of recommendations have been included in the report including the streamlining of the aquaculture planning process, the creation of a meat cutting plant in Argyll to help reduce operator costs and building on the links between tourism and food and drink industry. Another recommendation relates to the pursuit of a wood pellet plant in Argyll.
- 4.12 The report's recommendations relating to Youth and Education concern the need to maintain high education standards and improving the link between schools and business. The need to extend the young enterprise deal to more schools and for private businesses to create more modern apprenticeships. The concept of Oban as a University Town is endorsed by the report and the need to regularly communicate with young people on the job and learning opportunities that are available in Argyll.
- 4.13 Other opportunities examined in report concern the construction sector and small businesses. The report recommends the need to improve business access to finance, the need to encourage business forums and introduce a comprehensive mentoring programme taking advantage of the business knowledge in Argyll. The report also calls for the public sector to help small companies access public contracts.
- 4.14 A number of recommendations were included to help address the barriers to growth that were identified in the report. In terms of mobile digital connectivity the report recommends changes to the UK Electronic Communications Code to help reduce mast costs and also explore allowing higher masts to be constructed in Argyll. In terms of affordable housing the work of the Scottish Government, the council and its housing partners is acknowledged but there still remains a need to provide more housing in areas that can best deliver economic growth. Recommendations relating to transport connectivity concern the need to find a permanent solution for the Rest and Be Thankful landslip issue together with other strategic road improvements to improve connectivity across Argyll. Continued improvements to the summer ferry timetables and improving air links between Oban to Edinburgh and Glasgow are also recommendations of the report.
- 4.15 Turning to the 4 Main Towns included within the report the main recommendations relate to the need to develop better day visitor and short term offerings in Dunoon and ensuring Rothesay develops a strong vision for its future.

- 4.16 In the final section of the report, the Chair sets out a shared vision that Argyll and Bute can clearly succeed and grow and considers that the region is well positioned with strong competitive advantages which requires a joined up approach to realise our potential.
- 4.17 Following the publication on the Report on the 23rd of February Mr Ferguson undertook a series of interviews with media outlets that resulted in a number of positive articles on its key findings. The work of the Economic Forum continues with Nick Ferguson CBE remaining as Chair. The Forum will however only meet twice a year to ensure the monitoring of the delivery of the key recommendations by a range of public and private sector stakeholders.

## **5.0 CONCLUSION**

5.1 The Argyll and Bute Economic Forum is a private sector led partnership that includes senior representatives from a number of private businesses, the council, HIE, Scottish Enterprise, SAMS, Cal Mac and the Scottish Government. In February Nicholas Ferguson CBE published a Report that identified the demographic challenges facing Argyll and Bute together with identifying the main business sectors with the greatest potential to improve our economy. The report also highlighted the need to deliver sustainable employment opportunities and improve education and training facilities with a number of recommendations to help facilitate economic growth and address barriers such as poor digital and transport connectivity. The work of the Forum will continue and next steps will be to ensure a range of stakeholders are put in place to take forward the main recommendations of the report as appropriate.

## **6.0 IMPLICATIONS**

6.1	Policy	The report from the economic forum should be viewed as wholly aligned and therefore complimentary to the strategic policies of the Council and the CPP.
6.2	Financial	The report does not request specific expenditure from the Council and does touch previous, existing and planned spending activity.
6.3	Legal	None
6.4	HR	None
6.5	Equalities	None
6.6	Risk	None
6.7	Customer Services	None

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15/03/2016

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### **Appendices**

**Appendix 1 – Recommendations from Economic Forum Report February 2016**

**Appendix 2 – Economic Forum Report**



## Appendix 1 Recommendations from Economic Forum Report February 2016

<b>Tourism and Hospitality</b>	
<b>No</b>	<b>Recommendation</b>
1	Marketing; coordinated marketing activity
2	Seasonality; increase off season uptake
3	Marine Tourism; improved marine leisure infrastructure.
4	Major Cultural Attractions; develop a World Heritage Site in Argyll.
5	Music Festivals and Events; supporting events to develop cultural offer.
6	Other Facilities; further development of the following; <ul style="list-style-type: none"> <li>a) Marked walking paths and information maps</li> <li>b) Cycle and mountain biking tracks</li> <li>c) Kayaking facilities</li> </ul>
7	Ferries; a) booking system and timetable to accommodate growth in visitors from RET, and b) consideration to lower freight costs in economically fragile

<b>Aquaculture</b>	
<b>No</b>	<b>Recommendation</b>
1	Increased dialogue with key decision makers
2	Streamlining consenting process for sites
3	Encouraging the widening of the species
4	Enabling greater local processing to help add value to the local product
5	Enabling greater collaboration with the academic sector to promote centres of excellence for aquaculture technology and product improvement.

<b>Food and Drink</b>	
<b>No</b>	<b>Recommendation</b>
1	Promote the 'Argyll' umbrella brand
2	Development of high value niche sectors with focus on quality as opposed quantity where appropriate
3	Development of a meat cutting and processing plant in mainland Argyll
4	Sea food; expand local processing
5	Increased basic accreditation for food products to increase access to markets
6	Public sector maximise efforts to award contracts to local producers within the rules and regulations of the EU Procurement Directive.

<b>Youth and Education</b>	
<b>No</b>	<b>Recommendation</b>
	<b>SCHOOLS</b>
1	Develop a coherent structure for engagement between the business community and each secondary school
2	Local employers offer more summer jobs to local students
3	Increase young enterprise schemes in schools
4	Increased apprenticeships
	<b>FURTHER and HIGHER EDUCATION</b>
5	Increased funding for UHI Argyll College to allow expansion of training to meet demand needs in both geographies and subjects.
6	Expansion of UHI Argyll College offer of undergraduate courses
7	Developing Oban as a University Town
8	Development and marketing of jobs portal for Argyll

<b>Other</b>	
<b>No</b>	<b>Recommendation</b>
1	Forestry/ Biomass; establish a wood pellet company in Argyll for biomass
2	Purchasing; public sector maximise efforts to award contracts to local contractors within the rules and regulations of the EU Procurement Directive.
3	Small Business; increase provision of growth funding for local businesses.
4	Small Business; establish a volunteer business mentoring scheme
5	Small Business; establish a single point of contact for discussions between business and local and central government in Argyll.
6	Assistance for small business to expedite planning applications which have employment and/or economic benefits to the area.

<b>Barriers</b>	
<b>No</b>	<b>Recommendation</b>
1	Mobile connectivity; improved mobile phone connectivity in Argyll
2	Housing; maintain public sector investment in affordable housing
3	Housing; private sector investment in housing for first time buyers.
4	Transport; a permanent solution to the Rest and Be Thankful
5	Transport; upgrade Lochgilphead to Oban A816 and Dunoon to Portavadie A8003
6	Transport; develop new flights between Oban/ Campbeltown/ Islay/ Tiree and Glasgow/Edinburgh
7	Fixed link between the Isle of Bute and the mainland

<b>Towns</b>	
<b>No</b>	<b>Recommendation</b>
1	Campbeltown; consideration of an Enterprise zone in Machrihanish
2	Dunoon; development of Ardyne as a fish processing centre
3	Dunoon; enhanced tourism facilities for visitors
4	Dunoon; provision of economic development officer support
5	Rothesay; improved appearance of town centre