

INVESTING IN OUR REGION

Argyll and the Islands Area Office

May 2016

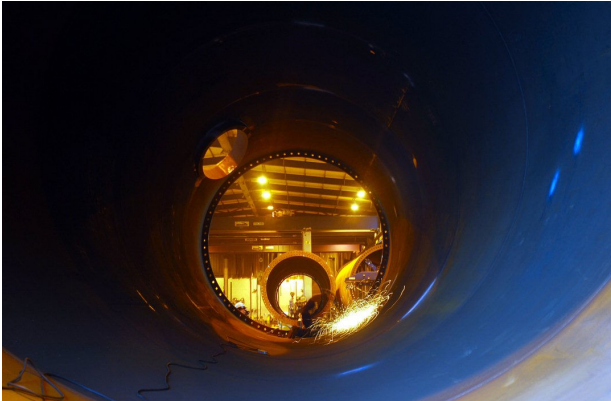


Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

May 2016

INVESTING IN OUR REGION: ARGYLL AND THE ISLANDS

HIE invested £113M in the Highlands and Islands region in the year to March 2016. This is expected to create or retain more than a thousand jobs, 146 of them in the Argyll and the Islands area, which includes Arran and Cumbrae. A summary of the organisation's year-end figures shows an increase in turnover amongst supported businesses and social enterprises in Argyll and the Islands of £27.9M. As part of Scotland's Economic Strategy priority of internationalisation these investments anticipate International sales growth of £22.5M.



A major highlight for Argyll and the Islands was the sale of Wind Towers (Scotland) Ltd to CS Wind, a Korean based company of scale with global interests. This major inward investment will secure the jobs at the Campbeltown factory and expand production to serve both the onshore and offshore wind markets in the future.

After many years of work by HIE and partners there are signs that the Rothesay Alliance is bringing a new sense of optimism to the Isle of Bute and we are working hard to assist them in shaping their plans for major investment on the island which could transform the economy.

Public and private sector partners across Argyll and Bute have continued to work together to address population decline which remains the major threat to the local economy and the Argyll and Bute Economic Forum chaired by Nick Ferguson (Chairman of Sky plc) published its final report in February 2016. This contains a number of recommendations which will be taken forward by the Community Planning Partnership through the Single Outcome Agreement and by our new Head of Special Projects who started in post on 31 March 2016.

Out-with the Argyll and Bute Area the 'Team North Ayrshire' model is continuing to work well and there are successful projects underway on both Arran and Cumbrae.



ARGYLL AND BUTE
ECONOMIC FORUM REPORT
February 2016

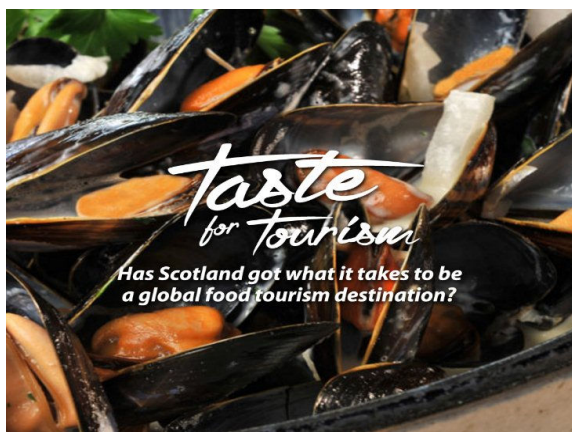
Significant resources have been devoted to securing inward investors to Argyll and the Islands. In the past year relationships have developed with organisations in Life Sciences, Food and Drink and the Aerospace sectors. Work has continued to strengthen the cluster of life sciences operations centered in the North of Argyll, including working with a potentially significant inward investor. We have continued to support the Local Authority and the Machrihanish Airbase Community Company's Joint Venture 'Discover Space UK' to secure a base for Spaceport UK at Machrihanish. The inward investment of aqua-culture business Niri (Scotland) has been secured at Machrihanish.

There is a widely recognised need to increase the range and better align post-16 education and skills training with economic opportunities. This challenge has also been picked up as a key theme in the Economic Forum report which specifically endorsed the development of Oban as a University Town. HIE commissioned Imani Development to design and deliver a study tour to carefully selected coastal university towns. The visits investigated how these towns successfully achieved their status and what success meant from a variety of perspectives and for different stakeholders, the resulting Report and Research Summary from these study tours to Falmouth, Aberystwyth and St Andrews was published in November 2015 and its recommendations are being taken forward by the Oban University Town Steering Group, currently chaired by HIE. The Steering Group have agreed to focus initially on two of the seven recommendations in the report - Academic Development and Infrastructure and Accommodation Requirements (specifically student accommodation) and a detailed review of the current academic baseline is currently underway which will provide the evidence base for delivering these recommendations.

Investing In Business & Social Enterprise Growth

We are working with 60 businesses and social enterprises across Argyll and the Islands, with representation across all growth sectors. We have approved 43 cases that have led to £4.7M of investment in the economy of Argyll and the Islands; facilitated by investment by HIE of £4.8M. £1.0M of funds was focussed on sectoral development with £3.8M provided towards Account Managed organisations. We have invested in organisations in all key sectors and across the geography of Argyll and the Islands.

We are continuing to work closely with Business Gateway to ensure that there is a pipeline of businesses identified with the capacity for high growth. We are also working closely to establish the first Enterprise Week in Argyll and the Islands which will be held in Oban in autumn 2016.



The importance of the Food and Drink sector to the Argyll economy was recognised by the recently published Economic Forum Report. Organisations working in this sector represent c30% of the portfolio. Of these businesses 50% of them are trading internationally, with the balance having the potential to do so. The 'Taste for Tourism' summit held in Oban in November brought together industry leaders and businesses in both the tourism and food and drink sectors. Its legacy in Argyll is a real ambition to

promote and celebrate our world class produce and use this to bring more visitors to the region.

The manufacturing sector continues to be strongly represented in our portfolio. These businesses supply a broad range of products; 73% of these organisations trade internationally. There is also a high degree of innovation and product development within this cohort.

Activity in the Tourism sector remains strong and HIE continue to support the work of Argyll and the Isles Tourism Co-operative which is building the capacity of local tourism businesses through an industry-led collaborative approach.

Argyll and the Islands has a strong creative, cultural and heritage offering and HIE's capital investments are now coming to fruition, with development projects for Rothesay Pavilion, Dunoon Burgh Hall and The Picture House in Campbeltown now all underway. We have also worked closely with Kilmartin Museum and Mount Stuart Trust on Bute over the past year to support significant development projects that will add to the suite of facilities that will deliver high quality cultural experiences for visitors and local people across Argyll and the islands.

All these investments will contribute significantly towards the delivery of HIE's Ambitious for Culture Policy.

Investing in our Communities and Fragile Areas

Investments made in Argyll and the Islands social enterprises are anticipated to increase turnover in the area's social economy by £1.M. HIE's administration of the Scottish Land Fund (SLF) continued to support community asset acquisition across Scotland, including investment of £750K for Kilfinan Community Forest Company to purchase 430ha of forest adjacent to their existing asset, in August 2015. The company was one of six shortlisted for Social Enterprise of the Year Award. HIE is continuing to support the project management of the redevelopment.



Argyll and the Islands' six account managed communities continue to gain confidence and move towards sustainability through a number of community asset purchases and significant levels of project activity. For example, South West Mull and Iona Development's purchase of the 792ha Tiroran Forest in 2015 has significantly impacted the resilience of the community, with felling underway.

Investing in Our Infrastructure

Other positive developments as a result of HIE's investment include completion of new flexible office space at Sandbank Business Park which gives us the opportunity to attract new inward investment into the Cowal area and discussions are at an advanced stage with two new tenants. We also acquired the former Gas Works site in Rothesay to enable future industrial development.

With the main core fibre network in place, the roll-out is now focused on building the local access network which connects homes and businesses. By the end of 2016 more than 8 out of 10 Argyll and Bute homes will have access to the new fibre broadband network.

Currently, more than 20 areas in Argyll and Bute are now able to order. Coverage has reached 51% of the local authority area – with more than 15,000 premises delivered by the programme and more than 10,000 commercially by BT. Areas with first services available include Balvicar, Connel, Craginure, Dalmally, Dunoon, Lochgilphead, Machrihanish, Oban, Rothesay and Tarbert amongst others. A full list is available on www.hie.co.uk/whereandwhen. Most recent areas going live include Carradale, Inveraray, and Tobermory.

Survey work continues for community project GigaPlus Argyll, a £1m CBS supported project covering a number of islands including Colonsay, Lismore, Luing, parts of Mull and Islay and the Craignish peninsula.

In addition to the infrastructure projects, partners are working on a range of initiatives to support businesses to make the best use of whatever connectivity they have. HIE and Business Gateway have been delivering an IT Engagement project since 2012/13. Work in Argyll and Bute continues under the new national name – DigitalBoost. The programme covers topics including social media, website development, cyber security and developing a marketing strategy. See more at www.bgateway.com/digitalboost or at www.hie.co.uk/digital

HIE and Argyll & Islands Tourism Co-operative are also working together in the Scotland-wide Digital Scotland Tourism Project. Following a survey of local tourism businesses, there will be a series of workshops and activities during 2016. A series of webinars is already underway. For more information see www.hie.co.uk/digitalandme

HIE operating plan for 2016-19 was published in April. Entitled 'Building our Future', this sets out plans for how the organisation will invest its annual budget over the next three years, building sustainable community and business growth across the Highlands and Islands. It includes increased efforts to support innovation, investment, internationalisation and inclusive growth, in line with Scotland's Economic Strategy.