

**DRAFT ARGYLL AND BUTE ECONOMIC STRATEGY AND ASSOCIATED
ACTION PLAN**

1.0 EXECUTIVE SUMMARY

1.1 This report concerns the development of a new Argyll and Bute Economic Strategy and associated Action Plan that has been drafted to take account of a rapidly changing economy at the global, national and local levels increasingly influenced by a number of key economic drivers such as the emergence of City and Regional Growth deals including the Argyll Rural Growth Deal.

1.2 The Draft Argyll and Bute Economic Strategy is a key council document that aims to help deliver the overarching vision of the **Argyll and Bute Outcome Improvement Plan 2013 – 2023** that has been agreed with the Scottish Government:-

“Argyll and Bute’s economic success is based on a growing population.”

1.3 To help achieve this overarching vision the Draft Strategy contains three clear priorities that inform a number of underlying aims and actions. The three priorities are;-

- 1. Critical Economic Infrastructure – Connecting - to national and international markets;**
- 2. Place and people – Attracting – skills, residents, visitors and businesses;**
- 3. Smart Growth – Growing - doing more that works;**

It is envisaged that subject to any amendments members wish to make that the **Draft Argyll and Bute Economic Strategy**, together with its associated Action Plan, be considered by the Community Planning Partnership Management Committee prior to being taken to the Council for adoption.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee:

Approve the Draft Argyll and Bute Economic Development Strategy and associated Action Plan prior to final consideration and adoption by Council.

To note that the Strategy and associated Action Plan will also be considered by the Community Planning Partnership Management Committee and any suggested amendments arising from this meeting will also be subject to consideration and adoption by the Council.

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3.0 INTRODUCTION

3.1 This report concerns the development of a new Argyll and Bute Economic Strategy and associated Action Plan that has been drafted to take account of a rapidly changing economy at the global, national and local levels increasingly influenced by a number of key economic drivers such as the emergence of City and Regional Growth deals including the Argyll Rural Growth Deal.

3.2 The Draft Argyll and Bute Economic Strategy is a key council document that will help deliver the overarching vision of the **Argyll and Bute Outcome Improvement Plan 2013 – 2023** that has been agreed with the Scottish Government.

“Argyll and Bute’s economic success is based on a growing population.”

3.3 The key priorities and content of the draft Strategy has also been heavily influenced by the resources we will have available, current Scottish and UK Economic policy, together with the proposals contained within the Argyll Rural Growth Deal which has been subject to extensive research and engagement with key economic stakeholders across all the sectors including the public through a public consultation undertaken last summer.

4.0 RECOMMENDATIONS

4.1 It is recommended that the Committee:

Approve the Draft Argyll and Bute Economic Development Strategy and associated Action Plan prior to final consideration and adoption by Council.

To note that the Strategy and associated Action Plan will also be considered by the Community Planning Partnership Management Committee and any suggested amendments arising from this meeting will also be subject to consideration and adoption by the Council.

5.0 DETAILS

- 5.1 Argyll and Bute's rural economy has an abundance of natural assets, talented people, ambitious, numerous, outward looking businesses often family owned with award winning products and services, world-renowned heritage and vibrant communities prepared to do things differently.
- 5.2 Since 2010 Argyll and Bute has had a suite of strategic and local Economic Development Plans (EDAPs) that have contained a clear set of actions to help deliver the key economic priorities of the council and that of our Community Planning Partners. Updated on a regular basis the EDAPs are currently aligned to the core themes of the Scottish Government's economic strategy with due reference to local economic priorities and projects.
- 5.3 Notwithstanding our persistent and long standing demographic challenges the local economy has performed well in recent years with low levels of unemployment, increased exports in key national growth areas such as whisky and aquaculture, growing tourism GDP figures and an upward trend in visitor numbers together with significant capital investment in our key business sectors such as tourism and food and drink.
- 5.4 That said, our predominately rural economy remains fragile and the pace of economic change continues to accelerate with a number of key economic drivers influencing this and ultimately the performance of our National and local economies.

These economic drivers include:-

- Rapid technological advances influencing the way we do business including the work skills people will need in the future.
 - A general drift of population from rural to urban areas.
 - The need to take account of Climate Change mitigation and adaption.
 - The UK decision to leave the EU and potential changes to trade deals, migration policy and external funding.
 - The emergence of City and regional growth deals, including the Argyll Rural Growth Deal.
 - The rise of the National living wage.
 - The need for greater Inclusion and community empowerment.
- 5.5 All of these changes have major implications for our economy which we quickly need to respond to via a new **Argyll and Bute Economic Strategy** to

help deliver the Argyll and Bute Outcome Improvement Plan 2013 – 2023 that contains an overarching vision namely:-

“Argyll and Bute’s economic success is based on a growing population.”

5.6 Consequently, a new Draft Strategy and associated Action Plan has been prepared for further consideration and comment.

5.7 In addition to the aforementioned economic drivers and agreed vision the content of the draft Strategy has been informed by the need for us to prioritise our activities in relation to economic development to actions where we can make the greatest impact at a local level. This is also informed by the resources we have available as a council including working across council services and in partnership with our regional and national strategic partners.

5.8 Content of the Draft Argyll and Bute Economic Strategy

5.9 The continued implementation of our strategic and local Economic Development Action Plans (EDAPs) since 2010 together with key economic trends, the findings of the Argyll Economic Forum and all research and public consultation findings associated with the Argyll Rural Growth Deal has laid the foundation for this new draft Strategy.

5.10 Clear priorities have therefore been established in the draft strategy taken forward by the following themes;-

- 1. Critical Economic Infrastructure – Connecting - to national and international markets**
- 2. Place and people – Attracting - skills, residents, visitors and businesses**
- 3. Smart Growth – Growing - doing more that works**

5.11 Critical Economic Infrastructure - Connecting to national and international markets

- Establishing clear routes to market is a top priority for our local businesses and better transport connectivity (road, rail, ferry, air) is regarded as being essential to make this happen. Our role here is to influence, inform and lobby Government, national and regional and transport agencies for improved transport connectivity throughout, and to and from, Argyll and Bute.
- As technology continues to evolve improved digital connectivity is also now essential for our future economy and the delivery of local services. With national programs continuing to roll out across the UK there is a need

to ensure our region achieves the best possible geographical coverage of fibre broadband and mobile connectivity. Our role here is to influence, inform and coordinate investment from the Government national investment programs and present the case for additional investment through the Rural Growth Deal.

- Our energy supply and the grid that distributes it needs to be fit for purpose to enable better internal management in an effort to improve resilience and enable the ability to reduce our carbon footprint and export clean energy. Our role here is to influence the energy industry including the national grid for in the need for further investment in our energy system.
- Active and public travel routes play a key role in getting people to work and making Argyll and Bute an attractive place to live and visit. Our role here is to facilitate minor improvements to the network, improve integration of services and examine how new technology can improve our public transport system for the benefit of the economy.

5.12 Place and people – Attracting – skills, residents, visitors and businesses

- Creating stronger, investor ready, places helps us to retain and attract the people we need to support the growth of our local economy. This work will involve us bringing transformational change to our communities to make them investor ready and attractive as places to live in and visit. Our role here will be to attract external funding to continue our program of area regeneration and capital projects that address key strategic priorities of the council and our strategic partners.
- With community empowerment becoming an increasingly important factor for the rural economy helping local communities to achieve their economic priorities will be a key area of work particularly where it can be demonstrated that projects have the potential to make a step change in the local community. Our role here is to inform and facilitate this process including community asset transfer and by doing so helping to secure a sustainable economic future for local communities.
- A key attraction for visitors to Argyll and Bute and for many people who choose to live here is our heritage and culture. Ensuring we have a strong creative industry helps underpin this, raises the profile of our area, and enables our business sectors to be innovative and flourish in a highly competitive global economy. Our role here is to support the future sustainability of the Argyll and Bute creative industries.
- The availability of affordable housing of the right type and in the right place is fundamental for our economy to succeed. Our specific role here through the strategy is to ensure that housing will support economic growth in our region by being available for key workers in the right place and of the right type.

- Argyll and Bute enjoys a relatively low claimant rate throughout most of our area albeit subject to seasonal variation. Whilst we will continue to work to lower this rate we are also aware of local people with multiple barriers to employment that need pro-active assistance and we will do this through the work of employability and our partners. Our role here is to help people with multiple barriers gain sustainable employment
- As modern workplaces evolve so do the skills they need to ensure they remain competitive in the global marketplace. A key area of work will to ensure that our young people have the skills that local businesses require. Our role here is to support and build on the activities of Developing the Young Workforce (DYW).
- Argyll and Bute has a wealth of micro and small businesses, often family owned, with significant potential to grow. To better achieve their full potential local people need to be equipped with the right entrepreneurial skills to enable sustainable growth. Our role here is to support the growth of ambitious local SMEs that can offer additional, and preferably higher value, employment opportunities.
- There is a need to expand our further and higher education offer to allow people more local choice on where they can study and at the same time create additional opportunities for people to come to our area to learn. Our role here is to work across council services together with academic partners and the private sector to increase new opportunities for learning in Argyll and Bute.

5.13 Smart Growth – Growing doing more that works

- In Argyll and Bute we have a limited number of key business sectors with the ability to achieve significant growth. Our role here is to support the growth of our priority sectors including tourism, food and drink, engineering, defence and marine industries.
- With the decision taken by the UK to leave the EU there is a need to ensure that national funding streams are in place to support the rural economy and that our specific needs are taken into account by Scottish Government's Economic Policy and the UK Government's Industrial Strategy. Our role here is to secure a Rural Growth Deal for Argyll and Bute working with council services, our strategic partners across all sectors and also to inform and influence Government economic policy and investment decisions
- In Argyll and Bute our areas with greatest potential lie with aquaculture, marine science, creative industries, food and drink products and engineering associated with the defence industries. Consequently, we are looking to develop a number of business clusters that can accelerate growth through mutual cooperation, creating higher value jobs requiring greater skill sets and add to our key economic outputs. Our role here is to attract sufficient private and public investment to establish a number of

business clusters with the ability to accelerate growth in higher value jobs.

- A key feature of our economy is our wealth of micro, small and medium sized businesses. Helping them grow assists the inclusion agenda and the diversification of our economy. Our role here is to provide tailored, flexible and appropriate support to enable our wealth of small businesses to flourish.
- In Argyll and Bute we produce over 1GW of clean energy. To make better use of this resource our energy grid needs to be smarter and enable businesses and homes move away from fossil fuel use. Our role here is to inform, influence and lobby for additional investment in our grid and facilitate innovation in the use of renewable energy.
- To take advantage of external investment opportunities it is important to have a ready supply of developable land and employment space at all times. Our role here is to raise the profile of our area as a place to invest and ensure through the Local Development Plan process that appropriate employment space is available.

5.14 Availability of resources

- 5.15 As public sector resources continue to decline this will inevitably impact on what level of interventions that the council and our partners can take forward in relation to all of the above priorities. In order to remain focused on key areas of activity and manage staff workloads detailed team plans for staff will also be prepared to set out areas where we can and cannot intervene. There will also be a need to carefully align the activities and actions of the council's economic development service with our enterprise partners such as HIE and Scottish Enterprise. Further detail on the activities that will be progressed will be reported to the Committee in due course.

5.16 Cross Cutting Themes

- 5.17 Inclusion lies at the heart of everything we do in securing a prosperous future for Argyll and Bute. Given our limited resources there is a need for the Council to continue to work across services, form strategic partnerships and seek external funding wherever we can to address our economic priorities. At the same time we also have to ensure that we comply with emerging and current Government legislation, the audit requirements of our funding partners and are also able to gather the latest economic intelligence and data to ensure our needs are nationally recognised and our future efforts concerning the economy are directed at the actions that can make the biggest positive impact.
- 5.18 It should be noted that the list of examples contained in paragraphs 5.11 to 5.13 is not intended to be a comprehensive list. The full Draft Argyll and Bute Economic Strategy has been included in this report in **Appendices A and B** with the associated Action Plan in **Appendix C**.

- 5.19 It is intended that the Draft Strategy be approved for consideration by the Community Planning Partnership Management Committee prior to adoption by the Council.

6.0 CONCLUSION

- 6.1 This report concerns the approval of a new Draft Strategy and associated Action Plan that takes account of council priorities in terms of our economic opportunities and the barriers we need to address to ensure that we can reach our full economic potential.
- 6.2 The new Draft Strategy takes account of a number of economic drivers that are impacting on our economy at this current time and anticipated to increasingly do so in the future. This includes the development of the Argyll Rural Growth Deal that took on board long term economic trends, the economic priorities of the Scottish and UK Governments, the findings of commissioned research undertaken by the council and our partners together with public consultation with businesses and the general public.
- 6.3 The Draft Strategy has been included in this report in **Appendices A and B** with the associated Action Plan in **Appendix C**.
- 6.4 It is intended to seek approval for the new Draft Argyll and Bute Economic Strategy and Associated Action Plan for consideration by the Community Planning Partnership Management Committee and then on to the Council for final adoption.

7.0 IMPLICATIONS

- 7.1 **Policy** – The delivery of this new Draft Argyll and Bute Economic Strategy and associated Action Plan fits with the Council’s Corporate Plan, Strategic Housing Investment Plan, Local Outcomes Improvement Plan priorities 1, 2, and 3, Rural Growth Deal proposition document and approved Local Development Plan.
- 7.2 **Financial** – None arising from this report.
- 7.3 **Legal** – No legal issues.
- 7.4 **HR** – None.
- 7.5 **Equalities/Fairer Scotland Duty**– An Equality and Socio-Economic Impact Assessment has been completed.
- 7.6 **Risk** – Not having an up to date and relevant Economic Strategy places the council at risk in not delivering a prosperous future for Argyll and Bute in a

time of great economic uncertainty.

7.7 **Customer Service** – There are no customer service implications.

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Appendix A: Draft Argyll and Bute Economic Strategy (Diagram)

Appendix B: Draft Argyll and Bute Economic Strategy

Appendix C: Draft Argyll and Bute Economic Action Plan