

MONTHLY ECONOMIC REPORT FOR HIGHLANDS AND ISLANDS ENTERPRISE

No 9 15 April 2010

1. Introduction

- 1.1 This ninth Economic Report for Highlands and Islands Enterprise follows a similar format to the previous eight reports produced since early 2009. The main purpose has been to track the impacts of the major international and national recessions on the economy of the Highlands and Islands from statistical information, forecasts, news reports and other intelligence, and to highlight areas of growth. The content of the report is intended as suitable for wider circulation, and confidential information that HIE staff will have on specific company performances and prospects, etc, is thus not included.
- 1.2 Following a summary review of key international and national trends and forecasts, the main implications for the Highlands and Islands are drawn out and new statistical information for the area (or for Scotland where relevant) is interpreted, with a summary of positive and negative features. Summaries are then provided for the five Local Authority areas that are wholly contained within the HIE area and for Argyll and the Islands. These include new statistical indicators (mainly unemployment and vacancies) and key local events or announcements between early February and early April 2010 (with updates of major announcements up to 16 April). Some text is repeated from previous reports where still relevant. The main source material and sources of further information are referenced at the end of the report in Section 8.
- 1.3 It should be noted, in comparing recently released indicators with those for a year earlier, that the latter will themselves reflect the early impacts of the recession. To provide a more comprehensive review of the overall impact of the recession on the Highlands and Islands, key indicators are also provided for the pre-recession period. It is generally agreed by analysts that it will take some time for the national economy to recover to pre-recession levels.

2. Summary

- 2.1 The key points and implications from this report are that:
 - Despite positive signs from recent statistical indicators, house price trends, and surveys of expectations and confidence that recovery from the international and national recessions is underway, UK output has only just resumed growth, and the speed, strength and nature of the recovery remain uncertain. Expectations by forecasters for the forthcoming year differ although the UK's prospects, compared with the EU as a whole, are now considered relatively bright.
 - Although up-to-date indicators on output trends in the area are not available, the Highlands and Islands appears to have suffered less than either the UK as a whole or Scotland from the downturn. Unemployment in the area as a whole increased by 64.3% between February 2008 and February 2010 compared with increases of 93.0% in the UK and 94.1% in Scotland. Notified Vacancies in the Highlands and Islands in February 2010 were 11.5% lower than in February 2009, however (and 29.0% lower than in February 2008).
 - The job prospects for recent University and College graduates and school leavers remain poor, and this year's leavers could face similar difficulties. Demand has been exceeding the supply of College places due to the lack of job opportunities for school leavers.

- Sterling's exchange rate against both the dollar and the euro remains low by pre-recession standards, which will help exports to increase as other countries recover more quickly than the UK from the recession, while making the UK's tourism industry relatively competitive. Improving the balance of payments is a priority for the UK, especially as the inflow of Foreign Direct Investment, which helps to fund the trade imbalance, has reduced and is not expected to recover until 2011.
- The opportunities in the Highlands and Islands highlighted in Section 6 and the positive developments and trends across the region summarised in Section 7 (and in previous Monthly Reports) suggest that further population and employment growth should be realistic aspirations over the short, medium and longer terms, and that HIE's targets of higher average incomes and improved productivity should be achievable through a growth strategy.
- However, as illustrated statistically in Monthly Economic Report No 6, the Highlands and Islands is relatively highly dependent on public sector employment and in employment related to public sector expenditure (e.g. in the construction sector). The region is therefore likely to be particularly badly affected by the inevitable reductions in public expenditure in forthcoming years as the UK economy reduces the high levels of borrowing that it has incurred in combating the recession. This will lead to reductions in employment, and there is a risk that the region's development will be slowed by a lack of funding for public infrastructure.
- Positive events and announcements since early February include:
 - Allocation by Crown Estate of leases for six wave energy sites and four tidal sites in the Pentland Firth
 - A new Scottish Government £12 million fund for wave and tidal energy
 - A strong skiing season, with numbers at Highlands and Islands centres likely to be more than twice as high as for 2008/09
 - Re-opening of the Royal Golf Hotel in Dornoch
 - Improvements to the A9 at Moy and Ralia
 - Planning permission received by TOTAL for a £500 million gas plant at Sullom Voe
 - Plan for a new £1.3 million agricultural museum in Shetland
 - Strong cruise liner businesses in Shetland and Orkney in 2010
 - A £4.5 million extension to Shetland College
 - 18% growth in visitors to Orkney between 2005 and 2009
 - An expansion of EMEC's workforce from 13 to 18
 - Big Lottery funding for community wind turbines on four Orkney islands
 - The Scottish Government to provide £3 million towards renewable energy infrastructure at Arnish
 - Progress on community windfarm projects in the Western Isles
 - Temporary re-opening of the Marybank fish processing plant in Stornoway
 - £4.2 million investment raised by Aquapharm Biodiscovery at Dunstaffnage
 - Two new Premier Inn hotels planned for Inverness at a cost of £17 million
- Negative events and announcements include:
 - 80 job losses through the demise of Highland Airways
 - Significant spending cuts by Highland Council and other Local Authorities, NHS Highland and Western Isles NHS
 - 12 job losses through Gaeltec going into administration
 - 30 job losses through JHB Ltd (Shetland) going into administration
 - Potential loss of 18 BAE systems staff members at RAF Kinloss
 - 19 losses if cheese making ceases at First Milk's Creamery in Bute
 - Closure of BT Global Services call centre in Fort William, with the loss of 45 jobs
 - The Nevis Partnership to cease operations
 - KBR (as owners) not themselves to pursue the development of Nigg as a support fabrication facility for the offshore wind sector

3. The International Context

- 3.1 Fourth quarter 2009 GDP figures for the world's main economies show a continuing recovery from the recession. Annualised fourth quarter 2009 growth on the third quarter of 2009 was 5.6% for the United States (its fastest quarterly growth for six years), 3.8% for Japan and 0.2% for the Euro area. The US recovery has been due to changes in inventories, stronger consumer spending, an upturn in construction work, and Government programmes such as a scrappage scheme for new car buyers and tax breaks for people buying new homes. Greece and Spain are amongst countries that remain in recession, and the scale of the budget deficit in Greece continues to threaten its debt refinancing ability.
- 3.2 China's annual growth from the fourth quarter 2008 to the fourth quarter 2009 was 10.7%, driven by massive Government spending – mainly on major infrastructure projects. There is a strong contrast in general between the low average Euro area growth (which was slower in the fourth quarter of 2009 than it had been in the third quarter) and the rate at which most major economies in the rest of the world are emerging from the recession. This has constrained the export-led growth of UK businesses whose markets are mainly in the euro area.
- 3.3 In January, the IMF further raised its forecast for world output in 2010 to growth of 3.9% following an expected contraction of 0.8% in 2009. China and India are forecast to grow by 10.0% and 7.7% respectively in 2010, and the US and the UK to expand by 2.7% and 1.3% respectively, with 1.0% growth expected for the EU and 2.1% for the world's advanced economies. World output growth in 2011 is expected to increase to 4.3% in 2011, and in the Euro area to 1.6%. OECD composite leading indicators (CLIs) for February 2010 continue to indicate economic expansion, albeit at a different pace across countries and regions. Strongest signs of increasing economic activity were recorded in the United States and Japan, with a rise in CLI of 0.9 of a point in both countries. Tentative signals of a slower pace in economic expansion are emerging in China, where CLIs remained unchanged in the first two months of 2010. Similar, but weaker, signs of slower growth are also emerging in France and Italy. The CLI for the OECD area increased by 0.7 of a point in February 2010 and by 0.5 of a point in the Euro area.
- 3.4 The World Bank's January 2010 Global Economics Prospects report expects global GDP to grow by 2.7% in 2010 and 3.2% in 2011, with developing countries growing by 5.2% in 2010 and 5.8% in 2011. Because of uncertainties, however, including the timing of fiscal and monetary stimulus withdrawals and consumer and business confidence, a range of between 2.5% and 3.4% growth is given for 2011. According to the World Bank's statistics, world trade fell by 14.4% in 2009, and is expected to grow by 4.3% in 2010 and 6.2% in 2011 – i.e. on this scenario it would not have recovered by 2011 to its 2008 level. The World Trade Organisation's data shows that the value of merchandise exports fell by a "staggering" 23% in 2009. Britain's merchandise exports in 2009 (\$2.8 trillion) were below those of Germany (\$9.0 trn), the Netherlands (\$4.0 trn), France (\$3.8 trn), Italy (\$3.2 trn) and Belgium (\$3.0 trn).
- 3.5 Unemployment rates internationally remain high, with an ILO 10.0% rate for the Euro area in February and a 9.7% rate for the US in March. Consumer price inflation is low in most countries, averaging 0.6% in the Euro area (February 2009 to February 2010). The OECD expects unemployment in the Euro area to continue to rise to a peak of 10.9% in late 2010 / early 2011, and for its rate of inflation to rise to 1.1% in the 3rd quarter of 2010 before falling back to 0.7% a year later.
- 3.6 The Economist's poll of forecasters in April showed a reduced average expectation of 1.2% GDP growth in 2010 for the Euro area (compared with an expectation of 1.4% growth in February 2010). Reduced expectations for Italy and Sweden were the main reasons for the overall drop in expectations. The April poll showed an expected Euro area growth of 1.4% for 2011, unchanged from March's forecast.

- 3.7 China is expected to continue to grow very strongly for at least the next ten years, increasingly through domestic consumption growth – although it has recently overtaken Germany to become the world’s leading exporter, accounting for 9.6% of the global total. Growth of the Chinese economy will have implications for demand for raw materials from across the world, particularly from Africa, and hence the cost of these to Britain as an importer (exacerbated by sterling’s depreciated exchange rate).

4. The UK Context

4.1 The Treasury's comparison of 23 new independent forecasts received between March 3rd and 10th shows an average expectation of 1.2% GDP growth in the UK in 2010 (down from 1.4% in February 2010), with all expectations ranging from 0.7% to 2.2%. As noted in Section 3, the IMF expects UK growth of 1.3% in 2010 (up from its forecast of 0.9% in November). Average medium term projections for GDP growth in the Treasury's February comparison report were +2.1% for 2011, +2.4% for 2012, +2.7% for 2013 and +2.5% for 2014.

4.2 The latest indicators provided in the Treasury's Pocket Data Bank as at 9 April include the following. The % change is on a year earlier unless otherwise stated.

GDP	<i>Q4, 09</i>	0.4%
Service Sector Output	<i>3 months to Dec 09</i>	-2.5%
Industrial Production	<i>3 months to Feb 10</i>	+0.8%
Manufacturing Output	<i>3 months to Feb 10</i>	+0.8%
Whole Economy Investment	<i>Q4, 09</i>	-2.7%
Goods Exports (vols)	<i>3 months to Feb 10</i>	+1.7%
Halifax House Prices	<i>Mar 10 (monthly change)</i>	+1.1%
Nationwide House Prices	<i>Mar 10 (monthly change)</i>	+0.7%
Exchange Rate Index (2005=100)	<i>30th March</i>	78.7
Bank Rate	<i>latest</i>	0.5%
Long term Interest Rates	<i>30th March</i>	4.05%

4.3 Most of the above indicators that have changed since those as at 9th February 2010 given in Monthly Economic Report No 8 had improved, particularly manufacturing output and industrial production. The unusually severe winter weather will have had a detrimental effect on the recovery in the short term, however. There is now an expectation that the Bank Rate could still be below 1.0% by the end of the year.

4.4 The UK's GDP increased by 0.4% in the fourth quarter of 2009, compared with a decrease of 0.2% in the third quarter. The 4th quarter figure was revised upwards from an initial estimate of 0.1%. Services output rose by 0.5% in the fourth quarter, up from a fall of 0.2% in the previous quarter.

4.5 Manufacturing production rose by 0.8% in the fourth quarter compared with a decline of 0.3% in the previous quarter, but construction output fell by 0.9% after increasing by 1.8% in the previous quarter (possibly a seasonal effect and an effect of the harsh winter). Over the year, manufacturing output declined by 10.5% – the worst year since records began in 1948.

4.6 Business investment in the fourth quarter of 2009 is estimated to have been 4.3% lower than in the third quarter, and 23.5% lower than for the same period in 2008. Business investment by private and public sector manufacturing is estimated to have fallen by 5.0% since the third quarter of 2009 and by 32.3% since the fourth quarter of 2008. Services investment fell by an estimated 29.1% over the year, and construction investment by 21.8%.

4.7 The seasonally adjusted volume of retail sales in the three months to February 2010 was 1.6% higher than for the same period in 2009, continuing the improvement since May 2009, although January sales were the worst for 15 years due to the winter weather. Predominantly food stores sales fell by 0.5% and those by predominantly non-food stores rose by 8.4%. Sales in textile, clothing and footwear stores rose by 9.5% and sales in non-specialised stores by 9.7%. The British Retail Consortium's Retail Sales Monitor showed an increase of 2.2% between February 2009 and February 2010 on a like-for-like basis. Like-for-like growth for the quarter December 2009-

February 2010 over the same period the previous year was 2.2%, comprising 2.4% growth in food sales and 1.9% growth in non-food sales.

- 4.8 The Treasury's March comparison of new forecasts shows that, on average for 2010, overall GDP growth of 1.2% is expected, with growth expected in exports (5.2%), imports (4.6%), private consumption (0.5%) and Government consumption (1.5%). Fixed investment is expected to fall by a further 2.3%, having declined by an estimated 14.2% in 2009. GDP growth is expected to increase to 2.0% in 2011.
- 4.9 Unemployment in the UK fell marginally to 2.45 million (on the ILO measure) in the three months to January 2010 – an unemployment rate of 7.8%. Claimant Count unemployment in February fell by 32,300 to 1.59 million people, the largest monthly reduction in the Claimant Count since November 1997. The Treasury's independent forecasters expect (on average) that Claimant Count unemployment will continue to rise to 1.74 million by the fourth quarter of 2010 – about 60,000 people fewer than had been predicted in September 2009. This suggests that fears that unemployment would continue to rise strongly even after UK output had recovered are now less prevalent.
- 4.10 Average earnings including bonuses rose by 0.9% in the year to January 2010, up from the December increase of 0.7%. Including bonuses, there was no change in the private sector, but an increase in the public sector of 3.8%. Excluding bonuses, there was growth in private sector pay of 0.4% and 4.0% in public sector pay. According to ONS Income Data services, average public sector pay of £461 per week compares with a private sector average of £426. However, the independent Incomes Data Services research body's latest figures, based on 94 pay settlements, show average awards of 2.0% in private sector manufacturing, 1% in private sector services and just 0.4% in the public sector.
- 4.11 Retail Price Index year-on-year inflation was 3.7% in February 2010, unchanged from January. CPI annual inflation (the Government's target measure) was 3.0% in February, down from 3.5% in January, although still above the Government's target of 2%.
- 4.12 The output price index for home sales of manufactured products rose by 4.1% in the year to February 2010, with a 0.3% increase on January 2010. The input price index for materials and fuels purchased by manufacturing industry rose by 6.9% in the year to February 2010, compared with an increase of 7.7% in the year to January 2010.
- 4.13 The price per barrel of West Texas Intermediate was \$84.24 (provisional) on 12th April – an increase of 68.5% on a year earlier. Average petrol prices recently reached an all-time high of 120p per litre. The Economist's provisional 8th April sterling index of all commodities increased by 1.2% on the previous month, and by 26.1% on a year earlier.
- 4.14 Britain's public sector net debt fell from £870.0 billion at the end of December to £857.5 billion at the end of February (60.3% of GDP). The PBR forecast for 2009/10 is net borrowing of £178 billion. Redressing this deficit will inevitably require substantial reductions in public spending once the economy has clearly recovered from the recession (whichever party wins the General Election).
- 4.15 The FTSE 100 index has been making gains in the past month and was 5,778 on 12th April, which compares with its lowest level during the recession of 3,512.
- 4.16 According to the Halifax house price index, house prices fell by 1.5% between January and February 2010 after 7 consecutive months of growth, but recovered to grow by 1.1% between February and March. The latest Nationwide house price index also shows that prices recovered in March after February's dip, increasing by 0.7% month-on-month. Prices are currently high partly because of a lack of new properties coming on to the market, and with prospective buyers still

having more difficulty than prior to the recession in obtaining mortgages and further Government spending cuts likely, transactions could remain at a low level.

The March Budget

4.17 The key points from the Chancellor's Budget were as follows:

- April's scheduled increase in fuel duty to be staggered – with the tax rising by 1p in April, by another 1p in October and the final instalment of 0.76p in January.
- Stamp duty limit doubles from £125,000 to £250,000 for first-time buyers for two years, while there is an increase to 5% on £1 million-plus homes.
- Duty on beer, wine and spirits to rise 2% above inflation until 2015. Tax on cider increased by 10% above inflation this year.
- Tobacco duty increases by 1% above inflation and then by 2% in real terms each year until 2014.
- Inheritance tax threshold frozen for four years.
- Royal Bank of Scotland and Lloyds to provide £94 billion of new business loans, half of them to smaller businesses.
- £2 billion green investment bank to provide equity to unlock private sector energy investment.
- An increase in the threshold of the Annual Investment Allowance from £50,000 to £100,000, which will benefit particularly the manufacturing, transport / storage and construction sectors.

4.18 The package of tax cuts and spending increases amounted to £2.8 billion in 2010/11, but these were partly offset by tax increases, leaving a net injection of £1.4 billion.

4.19 The temporary increase in the lowest stamp duty threshold will mean that most first-time buyers do not pay the tax. At £250,000, more than nine in ten first-time buyers would have been exempt from paying stamp duty in 2009 compared with just over one in two if the lowest threshold had been £125,000.

4.20 According to the Treasury, "The Scottish Executive will benefit from an increase of £82 million as a consequence of increased spending by UK Departments. It will be for the Scottish Executive to allocate this spending. In addition Scotland will benefit from increased spending in reserved areas such as employment measures, support for mortgage interest and support for business."

5. Scotland's Economy

- 5.1 The most recently available statistics show that Scotland's GDP fell by 4.6% between the third quarter of 2008 and the third quarter of 2009, and by 0.2% between the second and third quarter of 2009 (seasonally adjusted). In the year to end-September 2009, output in the Scottish service sector fell by 3.5%, in the production sector by 8.4% and in the construction sector by 8.9%. In the third quarter of 2009, the service sector declined by 0.3%, the production sector grew by 0.9% and the construction sector declined by 1.6%. Scotland's GDP reduction reflects the fall in the UK's GDP over the same period. Over the course of the recession, GVA in the Scottish economy has fallen by 6.13% compared with a 5.73% contraction in the UK.
- 5.2 The Lloyds TSB Scotland business monitor for the three months to the end of February 2010 showed that 47% of firms reported a decrease in turnover and 25% an increase – a difference of -22% which compared with the previous quarter's difference of -8%. The most likely explanation for the worsening was the severe winter weather, which has clearly stalled Scotland's recovery from recession.
- 5.3 The latest quarterly figures (November 2009 to January 2010) show that Scotland's unemployment rose by 16,000 from the previous quarter and by 67,000 from the previous year. The rate of unemployment (the ILO measure) was, however, lower at 7.6% of the working population than the UK rate of 7.8%. The number of people claiming Jobseekers' Allowance also rose, to 146,910, during February (a rate of 4.5%) – 13,200 more than in December and 25,000 higher than a year earlier. These figures, allowing for seasonality, suggest that Scotland is on course for a slow recovery.
- 5.4 Like-for-like retail sales in Scotland were 1.1% lower in February 2010 than in February 2009. It was the worst February since records began in 1999 for both like-for-like sales and total sales, which can be partly attributed to the cold and snowy weather. For the 25th consecutive month, sales growth of food outstripped that of non-food goods.
- 5.5 Scottish manufactured export sales increased by 2.9% in real terms in the 4th quarter of 2009 (seasonally adjusted), but decreased by 10.1% in real terms over the year. Over the quarter, growth in exports was achieved in chemicals, coke, refined petroleum and nuclear fuel (+9.4%); textiles, fur and leather (+7.7%); metals and metal products (+5.1%); engineering and allied industries (+3.0%); and food, drink and tobacco (+1.2%), whilst there were declines in wood, paper, publishing and printing (-7.9%) and other manufacturing (-0.3%). Over the year to December 2009, export sales fell in most industries, including metals and metal products (-24.1%); textiles, fur and leather (-17.4%); engineering and allied industries (-14.7%); chemicals, coke, refined petroleum and nuclear fuel (-9.8%); wood, paper, publishing and printing (-9.2%); and other manufacturing (-0.9%), whilst growth was achieved in food, drink and tobacco (+0.8%).
- 5.6 This was the second successive quarterly increase in Scotland's manufactured exports. The expansion of the Scottish Manufacturing Advisory service has doubled the number of companies that the service can reach.

Fraser of Allander February 2010 Economic Commentary

- 5.7 The most recent Fraser of Allander central forecasts for Scotland's economy over the next 3 years are as follows:

	2009	2010	2011	2012
GVA Growth (% per annum)	-4.8	0.6	1.6	2.2
Claimant Count Unemployment (%)	4.9	5.4	4.6	3.7

- 5.8 Fraser of Allander improved their outlook of the recovery since their November report, in the most likely “central” scenario, although “A weak recovery for the Scottish economy is in prospect”.

Tourism

- 5.9 According to the UK Tourism Survey, domestic trips to Scotland grew by 3.0% between January and November 2009 compared with the same period in 2008. Visitor nights increased by 4.9%, although spending fell by 2.3%. Visits from overseas, according to the International Passenger Survey, fell by 1.6%, visitor nights increased by 5.3% and spending increased by 0.2% between January and October 2009, compared to the same period in 2008. Between January and November 2009, according to the Scottish Accommodation Occupancy Survey, hotel room occupancy was the same as January-November 2008, guest house / Bed and Breakfast room occupancy was 2% higher, and self-catering unit occupancy 1% lower. Signs for the global tourism market are more encouraging for 2010.

The Economic Recovery Plan Update, 3 March 2010

- 5.10 Key features of the March update include the following:

Prospects

The latest evidence suggests that the Scottish economy was close to emerging from recession in the final quarter of 2009. The recovery is expected to gather pace in 2010, as business surveys report an improved outlook for the first half of the year. As in the UK, the recovery is expected to be modest, with independent forecasts suggesting growth of between 0.3% to 1.0% in 2010 – considerably below average rates of growth in the years before the recession.

Accelerated Capital Spending

The Budget for 2009-10 accelerated £293 million of capital spending into 2009-10, whilst an additional £53 million was accelerated into 2008-09. Analysis using the Scottish Government input-output model estimates that, in total, this accelerated capital investment has supported over 5,000 jobs in the Scottish economy over the period, including over 3,000 jobs in the construction sector.

It is estimated that the programme will also have significant employment impacts throughout the Scottish economy, including manufacturing (over 800 jobs), finance and business (over 750 jobs), distribution and catering (around 140 jobs), and transport and communication (around 120 jobs). The remaining jobs are spread across other sectors of the economy, including agriculture, forestry and fishing; energy and water; and other services.

Low Carbon Economy

A new 2020 Delivery Group was established in December 2009 to ensure that all sectors of Scotland’s economy and civic society contribute fully to achieving the Climate Change Delivery Plan which includes the target of a 42% reduction in emissions over the next decade.

Renewables Infrastructure

Stage one of the National Renewables Infrastructure Plan, launched in February, identifies sites required for large-scale infrastructure investment in the offshore wind, wave and tidal sectors. These will enable Scotland’s renewables industry to capture a share of the £100 billion plus investment in wider UK and North Sea wind farms. Scottish Enterprise and Highlands and Islands Enterprise will now work more intensively with key port owners, the Crown Estate, renewable energy developers and the Scottish Government to develop robust investment plans.

The recent consent for the upgrade of electricity infrastructure from Beaully to Denny releases huge potential to develop Scotland's renewables sector, where over 600MW of additional capacity has been consented in the past 12 months, with a further almost 2.7GW in the planning pipeline.

Offshore wind is the biggest near-to-market opportunity in Scotland's low carbon economy. The Scottish Government are now developing a comprehensive off-shore wind route map with key industry and public sector bodies, which will detail the steps to create tens of thousands of new Scottish jobs and over £20 billion of investment by 2020.

As part of this work, discussions have already taken place with the European Investment Bank on the opportunities for it to become involved. The Scottish Government also intends to host a large-scale finance conference in Scotland later in the summer, which will stimulate new investment models and ideas for the funding of offshore infrastructure and Scotland's low carbon transition more widely.

The Scottish Government will also shortly publish a low carbon discussion document, which aims to raise awareness of the economic opportunities and challenges that Scotland faces in the transition to low carbon. Together, with its key partners, it will draw on the responses to this consultation to shape a Low Carbon Strategy for publication later this year

Scotland's Key Sectors

Tourism

Tourism is among the largest contributors to the Scottish economy. In 2008, total tourist expenditure in Scotland was £4 billion. Plans to build on the success of Homecoming are now underway. From May 2010 to April 2011 there will be a national celebration focusing on Food and Drink, with plans for further themed years in the promotion of Scotland. Visit Scotland recently launched its new £1.25 million European marketing campaign for 2010.

Creative Industries

Creative Scotland has created an innovative package of projects to support Scotland's artists and practitioners through the downturn. The £5 million Innovation Fund has been targeted to support artists and creative practitioners. The fund includes £1.5 million for a Digital Media initiative in partnership with SE (who have committed £1.5 million match funding) and other investors, and £1 million for an enterprise support programme for start up creative entrepreneurs.

Financial Services

In November 2009, the European Commission approved plans by RBS and Lloyds Banking Group to divest parts of their organisations to meet EU State Aid Rules. Divestments from each bank – which will take place over the next four years – will represent a viable stand-alone entity, together representing nearly 10% of the UK retail banking market.

Food & Drink

The recently refreshed food and drink strategy for Scotland provides strong direction for longer-term expansion of the sector, aiming to grow the industry from £10 billion to £12.5 billion by 2017.

Life Sciences & Universities

The 'Science Graduates for Work' programme, launched on 1 March 2010, is an innovative pilot initiative designed to help unemployed science graduates become 'work ready' by providing them with technical laboratory skills and industrial awareness.

The Universities Budget for 2010-11 shows a further increase of 2% in real terms and over 4% in cash terms next financial year. Universities' share of Scottish Government spend remains higher, at over 3.85%, than to the pre-2007 level of 3.73%.

Infrastructure

The Government will maintain the Air Discount Scheme, which makes air travel more affordable for the residents of the remotest communities, and the three Public Service Obligation air services (Glasgow to Barra, Campbeltown and Tiree) which cannot be provided commercially.

The Scottish Government has already made significant progress in improving broadband availability in Scotland. As a direct result of government intervention, availability of a basic, affordable broadband service is now over 99% – comparable with the rest of the UK, and ahead of most of Europe.

Schools Building Programme

In June 2009 it was announced that there would be £800 million of additional government support towards a new £1.25 billion school building programme, which will see around 55 schools rebuilt or refurbished between 2010 and 2018.

Affordable Housing

Through the affordable housing investment programme, £675 million will be invested in affordable housing in 2009-10 including an accelerated £80 million for the Affordable Housing Investment Programme (AHIP).

£75 million has been made available to local government to kick-start a new generation of council house building. The first two rounds of funding have seen around £50 million allocated to support over 2,300 new homes across 22 local authorities. A third round, providing an extra £25 million, was launched at the beginning of February.

Investment

Scottish Development International

SDI has launched a new 'partnership approach' with Scottish Chambers International and Scottish Council for Development and Industry. A joint £7.5 million funding application to the 2007-13 European Social Fund Programme was announced in late December 2009.

Despite the very challenging global trading conditions, SDI has helped secure new projects to bring and retain jobs from overseas investors. Between 1 April 2009 and 31 January 2010, SDI secured 1,764 planned high value jobs through inward investment.

Access to Finance

In the coming months, the Scottish Government will provide more detail on the Scottish Investment Bank (SIB), and specifically how support will be delivered to those companies that can best contribute to Scotland's economic recovery and growth. Initial SIB activity will comprise SE's three existing, mainly equity-based funds: the Scottish Venture, Coinvestment and Seed Funds. In total, this amounts to combined funds of around £150 million. This is currently invested, alongside the private sector in a number of young, innovative and high growth potential Scottish SMEs. The Scottish Government has also recently allocated an additional £10 million towards the SIB through new savings from across the Scottish Government.

Education and Skills

Funding of £16 million has been provided for an additional 7,800 apprentices.

In January 2010, the Scottish Government announced that businesses of all sizes and in all sectors would be eligible for £1,000 to take on a new apprentice between January 11th and March 26th. The £4 million scheme is available for up to 4,000 employers.

Community Planning Partnerships

The Fairer Scotland Fund have allocated £145 million a year to CPPs to address regeneration locally and, at the Jobs Summit in January, the First Minister announced an additional £1.2 million to Argyll and Bute Council where £8 million has been made available for CPPs from European Structural Funds.

Innovation

Measures include innovation vouchers provided by the Scottish Funding Council to meet up to 50% of the costs of new collaborations between universities and Scottish SMEs.

Spring Budget Revision

5.11 The Scottish Government's Spring revision to its 2009/10 budget has enabled more money to be invested in economic recovery. The main changes included:

- The Scottish Funding Council will receive an additional £20 million, largely from savings secured from across other portfolios, to help it meet the costs resulting from increased levels of Higher and Further Education students entering the system this year.
- Confirmed allocation of £31 million in consequentials from the UK Budget to meet housing need and accelerate and sustain investment in affordable housing across the country.
- £10 million contribution towards the Scottish Investment Bank activity to support access to finance for firms to contribute towards Scotland's economic growth. The funds are being re-allocated from savings from across the Scottish Government.

The Scottish Government 2010/11 Budget

5.12 Measures within the £30 billion budget include:

- Further to the £20 million of additional funding for Further and Higher Education provided in the Spring 2009-10 Budget Revision, the Scottish Government is providing an additional £10 million in 2010-11, drawing on the budget consequentials arising from the December 2009 Pre-Budget Report, to ensure that demands continue to be met in the academic year 2010-11.
- Maintaining the high level of Modern Apprenticeship (MA) opportunities, making available 15,000 MA places, which, alongside other flexible training opportunities, amount to a package of 34,500 new training places in 2010-11.
- Establishing a new area-based, universal access £10 million Home Insulation Scheme, drawing on the budget consequentials arising from the December 2009 Pre-Budget Report, which will enable the Government to offer home insulation measures to around 90,000 homes in the course of 2010-11.

- Committing, in full, the £2 million Barnett consequentials received as a result of UK Government expenditure on its boiler scrappage scheme to support boiler scrappage in Scotland, as part of the Scottish Energy Efficiency Action Plan.
- Increasing the thresholds of the Small Business Bonus Scheme to ensure that Scotland provides the best package of small business rates relief available in the United Kingdom. From April 1st, almost 60% of all business premises will be better off, with average savings on their business rates bills of over £1,300.

State of the Economy – Report by Andrew Goudie

5.13 In his most recent report (December 2009), Andrew Goudie’s analysis of the future prospects of the Scottish Economy included the following points:

- Weak demand in the economy indicates that unemployment may continue to rise even when growth returns to the Scottish economy.
- Forecasts predict a slow recovery in 2010, with only modest growth likely.

6. The Highlands and Islands

- 6.1 The unemployment rate for the Highlands and Islands remained significantly lower than in Scotland or Great Britain in February 2010. On the Claimant Count measure, unemployment in the Travel to Work Areas (TTWAs) in the HIE area was 3.3% in February 2010 (8,684 claimants), compared with 4.5% in Scotland and 4.3% in Great Britain*. The highest local rates were in Wick (5.5%) and Dunoon and Bute (5.1%). The number of people claiming unemployment benefits in February 2010 increased by 2.7% from January, and was 8.8% higher than in February 2009. Details are provided in the March 2010 Unemployment digest produced by HIE's Planning and Economics team.
- 6.2 On the more comprehensive ILO measure of unemployment, which now tends to be the main indicator quoted for British and Scottish unemployment, the unemployment rate in the Highlands and Islands would be 50-60% higher than its Claimant Count rate. This would give a February 2010 rate of 5.0-5.3%.
- 6.3 Vacancies notified to Jobcentre Plus offices increased by 437 (37.1%) between January and February 2010 in the Highlands and Islands, to 1,612, with large increases in Orkney (+126.9%) and Argyll and the Islands (+57.9%), but with a reduction of 42 in Moray (-14.7%). The number of live unfilled vacancies in the Highlands and Islands increased by 1.1% over the period, from 1,253 to 1,267. Notified vacancies in the Highlands and Islands, however, fell by 16.0% between February 2009 and February 2010.
- 6.4 The large increase of vacancies notified between January and February 2010 is a good indicator that the region is beginning to recover from the recession, although Claimant Count employment is still rising.
- 6.5 The main factors which are affecting the Highlands and Islands economy positively and negatively as the national and international economies recover from recession can be summarised as follows:

Positive Factors

- Plans for major new developments in many parts of the region continuing to be brought forward (although implementation of a number of major projects has been delayed). This reflects the growth impetus in the area, especially around the Moray Firth and in Shetland, that preceded the recession. There has been more optimism in the region's construction sector and improved order books, although reduced funding for affordable housing and other public expenditure cuts are of concern.
- Opportunities to attract tourist visitors from the UK and overseas through the continuing depreciation of sterling, building on a successful 2009 season (as illustrated at 6.6-6.7 below). Seasonal recruitment should start to reverse the upward trend in unemployment in most parts of the Highlands and Islands.
- UHI growth through investment in buildings and facilities, and continuing increases in undergraduates and post-graduates (taught and research). Some 241 degrees were awarded in 2007/08 (compared with 235 in 2006/07). In 2008/09, the UHI partners together had 4,896 full time equivalent undergraduates (3,646 excluding Perth College). Appendix 1 provides details by category of course. HIE's substantial grant assistance towards the UHI's SDB Programme, Greenspace and the Clinical Research Facility will help support a significant number of research posts and additional students in Caithness, Dunstaffnage / Oban, Inverness and Stornoway.

* An alternative measure of the Claimant Count unemployment rate for Great Britain based on the workforce rather than on those of working age would be c5.1%.

- A report earlier this year by Oil & Gas UK highlighting a £15 billion market for services needed to abandon nearly 5,000 platforms and wells in UK waters (an opportunity for decommissioning over the next 15 years), with potential opportunities in Shetland and at Nigg (if the yard becomes available for such activity).
- Renewable energy projects continuing to be brought forward. New ownerships of facilities at Machrihanish and Arnish will help the region to maximise engineering-related benefits, and Nigg remains a major potential resource for this sector, particularly offshore wind. EMEC has received substantial new UK Government funding to increase its capacity, and engineering-related employment in both Caithness and Orkney should grow further as Pentland Firth projects come on-stream (see 6.12 below).
- Export growth, especially where new or expanding markets can be accessed, through the depreciation of sterling and recovery from recession of the major and developing economies. A focus on non EU markets would be particularly beneficial.
- Scope to build on the area's success in developing a customer contact centre industry. Employment has increased by 50% in the area over the past five years to 3,400 people in 30 centres, many in smaller or remote communities, with home working a potential future growth area.
- A generally thriving salmon farming sector. As illustrated in previous Monthly Reports, the major operators have been achieving high levels of profits and are planning to expand. Landcatch made an increased profit in 2009, but had reduced turnover due to ISA in Shetland, while Lighthouse Caledonia made record pre-tax profits of £4.2 million for the last quarter of 2009 compared with losses of £768,600 a year earlier. Turnover increased to £21.4 million against £9 million the previous year, and the company expects to increase its harvest volumes further for a market expected to remain strong throughout 2010.

More than 13 million Scottish salmon were exported in 2009, an increase of 24% on the previous year. The industry expects to grow its value by £150 million over the next five years, creating up to 400 jobs.

Negative Factors

- Due to the recession and credit restrictions, continuing reduced demand for new housing and shelved private housing developments reducing employment in the construction sector and related trades, and reduced grant levels for funding house building by the area's housing associations significantly reducing affordable housing development.
- The overall cumulative impact on the construction sector and related businesses and other businesses in the engineering sector and the supply chain due to reduced or delayed private sector investment.
- Poor employment prospects for 2009 school, college and University leavers (and probably for 2010 leavers), especially employment that requires their qualifications.
- Job reductions in Local Authorities through budgetary pressures (accentuated by the freezing of Council Tax), with a likelihood of substantial public sector spending cuts to enable the Government to repay borrowings and in response to reduced taxation income (especially from 2011). Examples of recently announced and potential cuts are given in Section 7 below.
- A risk of continuing sluggishness in oil and gas related investment, exploration, etc. – potentially affecting the availability of offshore or overseas work for Highlands and Islands residents as well as Highlands and Islands suppliers to the sector.

- Reduced demand for business services providers in the region, due in particular to employers focusing on core functions and protecting the jobs of permanent staff and to public expenditure cuts.
- Fragility of businesses with low profit margins, including a number of food processors.
- Rising induced unemployment through reduced spending by those who lose their jobs or have reduced income from their employment, and slowing growth in the retail sector through the reducing rate of growth of the region's population and the return home of a number of migrant workers.

Tourism

- 6.6 The October 2009 Scottish Visitor Attraction Barometer Report provides the following evidence of increased visits in 2009 in almost all parts of the Highlands and Islands. The January to October 2009 figures showed higher increases from 2008 than the January to July annual comparison – i.e. August, September and October were particularly strong months.

	% change Jan-Oct 2008 on Jan-Oct 2009
Caithness & Sutherland	-1.9
Inner Moray Firth	+13.2
Lochaber	+6.0
Skye & Wester Ross	+11.8
Orkney	+1.4
Outer Hebrides	+10.0
Shetland	+2.3
Moray	+7.3
Argyll and the Islands	+4.8
Scotland	+3.6

- 6.7 The RET pilot and the introduction of Sunday sailing between Ullapool and Stornoway have helped the Outer Hebrides, although the Western Highlands also had a very good year. Skye and Lochalsh had a particularly successful season, with Eilean Donan Castle reporting an increase of around 25% on 2008 to around 300,000 visitors for 2009. Shetland (+24.7%), Orkney (+15.1%), Argyll and the Islands (+12.3%) and the Inner Moray Firth (+11.5%) achieved large increases in October 2009 compared with October 2008. Only Caithness and Sutherland experienced a decrease in October 2009 on October 2008, of 7.4%.
- 6.8 The tourism industry in the Highlands and Islands might not have as strong a year in 2010, however, even if (as expected) Sterling's exchange rate remains favourable. Many British residents have taken the opportunity in 2009 for a "staycation", and some are likely to revert to overseas holidays in 2010, especially if there is confidence that the country has recovered from recession or if they were disappointed with the weather during their summer 2009 holiday in Britain.

Skiing

- 6.9 The four ski centres in the Highlands and Islands had achieved a total of about 226,000 skier days by early April (excluding season ticket holders). This total comprises: Cairngorm (just over 130,000), the Lecht (c40,000), Nevis Range (c32,000) and Glencoe (c24,000). This total to-date of 226,000 compares with a total of 116,885 skier days for the whole of the 2008/09 season, including season ticket holders (which was fairly typical of the period since 2002/03). Cairngorm report their best year for 15 years, and expect skiing to continue into May. Glenshee has achieved 116,500 skier days to-date.

House Prices

- 6.10 House price trends in the Highlands and Islands from Registers of Scotland data are summarised below. The figures are not available below Local Authority area, and Argyll and Bute can be regarded as a proxy for Argyll and the Islands.

	Average Residential Property Prices		Volume	
	Mar 09 - Feb 10 £	Annual Change (%)	Mar 09 - Feb 10	Annual Change (%)
Argyll & Bute	152,725	1.7	1,233	-20.5
Eilean Siar	90,782	-9.3	214	-26.7
Highland	153,953	-1.5	3,367	-10.3
Moray	140,615	-4.1	1,370	-7.6
Orkney	113,831	-2.7	279	-21.0
Shetland	104,199	-5.2	254	-19.9
Scotland	151,107	-2.4	71,359	-21.5

- 6.11 House prices were particularly high in Highland and Argyll and Bute, and relatively low in Shetland and the Outer Hebrides, although private sector earnings are also relatively low in the Outer Hebrides (as in Moray), with defence-related jobs the main exception. The Outer Hebrides experienced the largest fall in house prices in the year to February 2010 compared with the same period one year earlier, as well as the largest reduction in volume.

Renewable Energy

- 6.12 The Crown Estate announced the first round of Pentland Firth seabed leases in March, which included 10 sites with generating potential of 1.2 gigawatts. The sites are as follows. All are off Orkney except Armadale and Ness of Duncansby.

Wave:

- SSE Renewables Developments Ltd – Costa Head (200MW)
- Aquamarine Power Ltd & SSE Renewables Developments Ltd – Brough Head (200MW)
- Scottish Power Renewables UK Ltd – Marwick Head (50MW)
- E.ON – West Orkney South (50MW)
- E.ON – West Orkney Middle South (50MW)
- Pelamis Wave Power Ltd – Armadale (50MW)

Tidal:

- SSE Renewables Developments (UK) Ltd – Westray South (200MW)
- SSE Renewables Holdings (UK) Ltd & OpenHydro Site Development Ltd – Cantick Head (200MW)
- Marine Current Turbines Ltd – Brough Ness (100MW)
- Scottish Power Renewables UK Ltd – Ness of Duncansby (100MW)

- 6.13 Successful developers will need to carry out environmental studies in order to get final approval from Marine Scotland, and most firms do not expect to get their first machines installed before 2012/2013.

- 6.14 The extra capacity through the £330 million upgrade of the 137 mile Beaully-Denny power line now approved by the Scottish Government is a pre-requisite of realising the potential from new renewable energy developments in the north of Scotland. Potentially, the projects could generate £3-4 billion of investment, create “several thousand jobs by 2020, and power up to 750,000 homes. It is important, however, to appreciate that the technologies are as yet unproven – although the development and testing of prototypes, in themselves, offer major opportunities for Highlands and Islands sites and businesses.

- 6.15 The Inner Sound – the stretch between the mainland and the uninhabited island of Stroma – did not feature on the Crown Estate list. It is the preferred site for Atlantis Resources Corporation, one of the world’s biggest tidal power developers. Atlantis last year provided information to HIE about plans for a venture off Stroma which would power a 30-megawatt computer data processing centre near the Castle of Mey. The venture, costing up to £2 billion, is intended to create 100 jobs in the first two to three years, potentially rising to as many as 700. Its bid in the initial round foundered after its joint venture partner, Scandinavian renewable energy Statkraft, pulled out. Atlantis has stressed that it remains committed to the Pentland Firth and the Crown Estate has indicated that it may be prepared to consider having a second mini-round to facilitate a development in the Inner Sound.
- 6.16 The Scottish Government has set up a new £12 million fund to support the testing of prototype devices. The Wave and Tidal Energy, Research, Development and Demonstration Support fund (Waters) will be managed by Scottish Enterprise in partnership with the Scottish Government and Highlands and Islands Enterprise.
- 6.17 The Scottish Government’s £10 million Saltire Prize for marine energy has been delayed until 2017, although it is now formally open for applications.
- 6.18 Renewable UK, which has 565 members, has called for the UK Government to invest a further £150-200 million in wave and tidal energy over the next parliament.

Highland Airways

- 6.19 Highland Airways has gone into administration after 19 years of operation. The airline operated lifeline passenger services from Inverness, Stornoway, Benbecula, Oban, Coll, Tiree and Colonsay. The Western Isles Council paid £464,446 a year for the daily Stornoway-Benbecula service, and Argyll and Bute Council paid £452,700 a year for flights linking Oban with Coll and Colonsay. Efforts to find new investors were unsuccessful and 80 employees lost their jobs with immediate effect. Argyll and Bute Council came to an agreement with Hebridean Air Service to resume its Public Service Obligation routes.

Population Projections

- 6.20 The most recent projections from the General Register Office Scotland (GROS) for the Highlands and Islands Local Authority areas indicate strong population growth by 2033 in Highland (+17.6%) and Orkney (+12.1%), modest growth in Moray (+2.9%) and declines in the Western Isles (-4.1%), Argyll and Bute (-5.7%) and Shetland (-7.5%). If the Argyll and Bute trend applies proportionately to Argyll and the Islands, the HIE area’s population would increase as follows:

	Population	% Change on 2008
2008	446,207	
2018	464,305	+4.1
2033	483,018	+8.2

- 6.21 This growth of 8.2% by 2033 compares with projected growth of 7.3% in Scotland and 16.8% in Great Britain. By 2033, the number of people aged 30-64 in the six Local Authority areas that broadly comprise the HIE area is projected to have fallen by more than 10%, and in Shetland the number of people aged up to 49 is projected to have fallen by more than 30%.
- 6.22 These population projections are based on demographic structure in 2008 and estimates of births, deaths and migration. In-migration to the Highlands and Islands for employment in recent years

(particularly from the new EU countries) was high prior to the recession, and continuation of this is a key factor in the projections, particularly for Highland.

HIE's Staffing

- 6.23 53 staff who volunteered for redundancy have now left HIE's employment, saving around £2 million per year (not including redundancy payments).

Ferry Fares

- 6.24 The Scottish Government has announced an increase of 2.4% in west coast ferry fares on top of a previously confirmed 2% increase. The increases apply to the RET pilot routes as well as other services.

Petrol Prices

- 6.25 A survey by the West Highland Free Press gives a number of examples of petrol and diesel prices all above the now highest ever national average price of around 120p per litre. The highest price for petrol on 6 April was 130p (compared with 110p on 29 May 2009) and for diesel 131p (compared with 116.5p).

The Highlands and Islands Film Commission

- 6.26 The Commission will become dormant in 2010/11 following the withdrawal of Moray Council at the end of March 2010 and the previous withdrawal of CnES in 2008. Highland Council is to adopt a fresh approach to its own film commission-related activity. This includes the improvement of the location database information, the development of closer working relationships with local tourism organisations and working with Highlands and Islands Enterprise to help deliver its creative industries sectoral strategy.
- 6.27 Highland Council report also recommended that the promotion of the Highland film industry be done as part of a nationwide team, with more advantage being taken of the Office of British Film Commissioner and Scottish Screen.

Agriculture

- 6.28 The Scottish Government has announced that the bull hire scheme is to continue, although the cost of hiring a proven stock-getter from the stud farm in Inverness is to rise from the current figure of £1,110 to £1,350.
- 6.29 A three year £950,000 initiative to develop new techniques to guarantee the eating qualities of Scottish beef is underway, funded by the Scottish Government and Quality Meat Scotland.

Overseas Market Opportunities

- 6.30 HIE is focusing more dedicated staff to work within Scottish Development International (SDI), which offers access to business support internationally, including operations in 27 countries. Representatives for food and drink, tourism and life sciences are the latest members of a team of nine providing international advice to local businesses across a broad range of sectors.

7. Sub-Regions

7.1 The notes below relate to events and announcements between early February and early April 2010.

Highland

- 7.2 The Claimant Count unemployment rate in Highland remained at 3.4% between January and February 2010, up from 3.1% in December 2009. Between February 2009 and February 2010, the number of people unemployed rose by 9.3%, an increase in the rate from 3.1% to 3.4%. The main areas of increase from February 2009 were Wick (up from 4.2% to 5.5%), Dornoch and Lairg (up from 3.2% to 3.8%) and Thurso (up from 3.1% to 3.6%). Wick had the highest unemployment rate of the HIE Area Travel to Work Areas in February 2010. Ullapool and Gairloch (2.8%) and Badenoch (2.3%) had the lowest unemployment rates in Highland in February 2010.
- 7.3 695 people in the Inner Moray Firth had been unemployed and drawing benefit for more than 6 months in February 2010, an increase of 101.4% from February 2009. This was the highest rate of increase of HIE's Area Offices, and much higher than the increases in the rest of Highland: Caithness and Sutherland (+50.0%) and Lochaber, Skye and Wester Ross (no change).
- 7.4 In February 2010, Notified Vacancies in Highland (983) were higher than in January 2010 (624) but lower than in February 2009 (1,074). Live Unfilled Vacancies at 769 were 12 down from February 2009.

Events and Announcements

- Highland Council requires to save a further £36 million over the next three years, on top of savings of £23 million already agreed. This could result in the closure of schools and community centres, privatisation of care homes, swimming pool closures, further grant reductions to voluntary organisations, and the reduction of teaching posts. The Council is carrying out a four month public consultation exercise to help determine where savings should be found. The Council agreed to a freeze in Council Tax levels for the fourth consecutive year.
- Scottish Government funding for Housing Associations in Highland has been almost halved from £32 million to £17.5 million in 2011-12, which means that substantially fewer than the targeted 350 affordable houses will be built. The Highland Council has recently agreed £4 million of interest free loans and grants to Housing Associations through its land bank fund to enable almost 100 affordable homes to be built, including within the Westerbraigs development in Inverness.
- Two large construction projects at Dounreay were postponed following a reprioritisation of projects. A third large construction project, a new near-surface dump for solid low-level waste, is due to get underway in spring 2010, which will employ 100 people. The NDA has confirmed that the Dounreay annual budget will remain at £150M for 2010-11 and 2011-12.
- Dounreay Site Restoration Ltd announced that up to 180 jobs will be lost from its in house workforce over the next three years. DSRL currently provides almost 1,000 jobs, which will be phased out as the decommissioning continues. Following the announcement, the Managing Director of Dounreay Site Restoration Ltd suggested that the timing of the release of skilled people currently employed in the decommissioning of the nuclear power plant can be planned to correspond with growth in the tidal energy industry, allowing the north of Scotland to retain skilled workers.
- ABSL Power Solutions battery factory in Thurso has secured a £4.6 million contract from the MoD which will secure its 65 strong workforce and help it to retain its leading position in the portable power technology market.

- MIDS, based in Caithness, is to demonstrate its renewable power turbine in the Amazon River in Brazil as part of a twelve-month trial. Twenty-four staff at MIDS will take three months to complete the full-scale version.
- Eastern Airways has introduced a connection from Wick to Bergen, Norway's second largest city. The daily flight transfers through Aberdeen and is aimed primarily at business users.
- Caithness Stone Industries has been awarded a multi million pound contract to provide stone for Aberdeen University's new £57 million library, following a £1.25 million investment in new machinery last year.
- The All Star Factory Cinema in Thurso has been sold. The deal will not be finalised for around a month and no details of the purchaser or their future plans have been divulged. The complex had provided employment for around 15 staff, mainly on a part time basis.
- The £15 million plan to revitalise John O'Groats includes restoration of the hotel to provide 16-20 five star holiday apartments, and 20 luxury residences with glass fronts to develop a "Nordic" harbour-side village feel.
- The 22 bedroom 4 star Royal Golf Hotel in Dornoch has re-opened as part of a £9 million investment, and the consortium undertaking the development, Royal Golf Dornoch Ltd, is submitting a planning application to build golf lodges in the hotel grounds.
- Nigg Yard owner, KBR, has said that "though the facility is uniquely qualified and positioned to support fabrication and the marine industry, KBR has not been successful in its efforts. The company will continue to seek alternatives for re-deploying the Nigg yard, including the prospective sale of the facility." (17 April update)
- Global Energy Group is seeking to build a large fabrication shed at Invergordon harbour to secure 220 jobs and potentially provide 700 more. The shed would replace its existing facility at Nigg yard, the lease on which expires at the end of May.
- NHS Highland is seeking £14.322m savings in the 2010/2011 financial year. £1.206m is to come from the North Highland Community Health Partnership, £4.261m from Raigmore Hospital, £3.188m from Argyll and Bute CHP, £2.102m from the South East CHP and £1.491m from the Mid-Highland CHP, with further savings in healthcare purchases, the corporate department, facilities and the pharmacy. Projected savings beyond 2010/11 are likely to range from £14 million to £22 million per annum.
- The Scottish Futures Trust has given NHS Highland £1 million towards replacing a medical centre at Tain.
- Plans for Phase 4 of the Centre for Health Science in Inverness include a Primary Care Centre with facilities for research, undergraduate, post-graduate and CPD study in Rural Primary Care, and a Centre for Wellbeing that would enable students to research wellbeing issues in healthcare, the workplace, and social services. A Natural Product Network is also being explored, which would be centred in Dunstaffnage but be linked with the CfHS and other regional interests across Scotland. Within the existing CfHS, a lipidomics research unit is being set up to pioneer international research into the effects of fats on the development of diabetes, heart disease and strokes. This will add six posts to the 250 plus staff working at the CfHS who earn an average salary of around £45,000.
- Council approval has been given to a 33 wind-turbine development on the Dunmaglass Estate south of Inverness. Also, SSE has submitted a planning application to erect meteorological masts at Balmacan between Drumnadrochit and Glenmoriston, and plans have recently been

publicised for a £200 million 55 turbine wind farm at Moy close to an existing 40 turbine wind farm at Farr (with other projects also in the pipeline).

- Work has begun on a £5m expansion of Tesco's Inshes store, which will close between the 3rd of May and the 12th of July.
- Flybe are ceasing to operate their Inverness-Edinburgh route, after decreasing passengers made the route unsustainable.
- The Crown Court Hotel in Inverness has a new owner, after the business went into administration in February, with the loss of 10 jobs. Two of the employees have been rehired, and four new posts may be created.
- A £2 million revamp is planned for the Highlanders Museum at Fort George, which houses one of the largest regimental collections outside of London. The facelift will involve the introduction of interactive exhibits, a new archive unit and educational space.
- Aigas Community Forest has had its bid to buy Aigas Forest under the National Forest Land Scheme accepted by the Forestry Commission. The community in Lower Strathglass has until June 2011 to raise the £750,000 required to purchase the 700 acres of forest. Plans include small scale timber production, deer management, renewable energy, woodland burials, wildlife tourism and the creation of several woodland crofts.
- Premier Inn, a budget hotel chain, has announced £17 million plans for two projects in Inverness – a 100 bed hotel on the site of the derelict Loch Ness House Hotel and a 76 bed hotel on the site of the former bingo hall on Huntly Street.
- Gael Force Marine has designed a 400 tonne anchor to tether wave and power units. This could lead to a second construction pontoon being installed at its South Kessock yard and increased employment.
- Following the release of plans by Jacobite Cruises for a new £2.3 million harbour nearby, the Bremner family have announced proposals to develop the harbour at Brackla, below the Clansman Hotel, with jetties and moorings for private boats and canoes, café, shop, public toilets and picnic area.
- BT Global Services has announced plans to close its call centre in Fort William, with the loss of 45 jobs, as part of a rationalisation programme. BT sites at Thurso and Alness will not be affected by the plans. The date for closure will be announced in early May.
- Ashford Property have confirmed that development of the site of the former McTavish's Kitchen and Grand Hotel in Fort William could be underway in autumn 2010, despite the collapse of their former partners, Kilmartin Property Group Ltd. They completed a deal with the receivers of their former partners to take over their share in what had been a joint venture to ensure that the project remains on track, provided they get 50% of the retail space pre-let.
- Plans for two major new developments in Fort William have been presented to the public – a development at Blar Mhor incorporating 300+ houses, a new school, hotel, supermarket, leisure facilities and food and drink outlets; and a 59,000 sq ft food retail store on a 3 acre site south of the entrance to the Alcan smelter.
- Nevis Bakery has bought a larger unit next to its existing premises on the Annat Industrial Estate at Corpach to help it to meet demand for its premium biscuits, shortbread and oatcakes.

- The Nevis Partnership is to cease operations next year once existing obligations have been met, with the loss of 3 staff members. This came after severe budget cuts by Highland Council and means that £2.5m of repairs to the lower Ben Nevis track will not be completed. Volunteer run “Friends of Nevis” is planning to take a bigger role in the care of the Ben and the Glen, and is seeking to establish itself as an independent entity eligible to apply for development funding.
- Morrison Construction has been awarded the contract for the latest phase of development work at Lochaber High School by Lochaber councillors. This brings total investment by Highland Council in the school to £15.1m.
- A £4m school hostel in Mallaig has opened to house students from Canna, Eigg, Muck and Rum and the Knoydart Peninsula coming to study at Mallaig High School. It currently has 12 residents, although it is hoped to build this number up to 30 in the next 3-4 years.
- Arjo Wiggins Group donated two woodlands near Corpach to the Kilmallie Community Council provided that the woods would remain as they are and the group would pay the legal costs associated with the transfer of ownership, which they were able to do as they had already raised the necessary funds.
- The ownership of land, housing and other assets in Kinloch village, Rum, has been transferred from Scottish Natural Heritage to the Isle of Rum Community Trust.
- Dunvegan firm Gaeltec went into administration at the end of March, with a loss of 12 jobs unless a buyer can be found by the administrators. The company, which manufactured a range of pressure sensors, had debts to HMRC of £28,000 in unpaid national insurance contributions.
- National homeware retailer Au Natural and co-store Ethel Austin went into administration, although it is uncertain when trading will cease. The company has stores in Inverness, Fort William and Dingwall.
- The Cromarty Ferry Company commissioned a new £500,000 vessel to take over the Cromarty-Nigg summer crossing, which will go into service in June. The new vessel will have larger capacity and be more reliable than its predecessor.
- Work has begun on the £24m water works which will create a new drinking water supply for Aviemore. Work is expected to take up to three months.
- An investment of just under £6m in improvements to the A9 has been announced by the Transport Minister. Improvements include a £2.6m contract for an overtaking lane at Moy, a £2.6m road surface upgrade scheme at Ralia by Newtonmore and dualling between Birnam and the Jubilee Bridge, north of Dunkeld. The project will sustain 50 jobs throughout the year.
- Planning consent has been given to convert a chicken rearing business at Clephanton near Nairn into a fish processing and packaging factory that could create up to 180 jobs.

Shetland

- 7.5 The Claimant Count unemployment rate in Shetland in February 2010 (1.5%) – 202 people – was up from 1.4% in January. 15.4% more people were unemployed in Shetland in February 2010 than a year earlier, when the rate was 1.3%.
- 7.6 Notified Vacancies in February at 48 were 10 lower than in January 2010 and 36 lower than in February 2009. Live Unfilled Vacancies in February 2010 (33) were 17.5% lower than in February 2009.

Events and Announcements

- As part of its £2.5 billion Laggan-Tormore project, TOTAL has been granted planning permission to build a £500m gas plant at Sullom Voe, which will provide opportunities for local contractors. The gas plant is expected to take four years to construct, requiring up to 500 workers at its peak, with about 60-70 permanent jobs created after its start up in June 2014. The company has also awarded a \$210m contract to provide the subsea production equipment. The Irish company Roadbridge was given a contract to build the road and prepare the site.
- Construction is beginning on the extension of the Tesco supermarket in Lerwick, which will take its total floor space from 12,874 sq ft to 34,186 sq ft. This development has raised concerns about the sustainability of the High Street.
- Construction firm JHB Ltd has gone into administration, with the loss of around 30 jobs, after 24 years of trading in Shetland.
- Plans have been put forward for a £1.3 million new agricultural museum, which could be built within the next three years and attract up to 6,000 visitors annually.
- Communities in Shetland are to benefit from £150,000 in grants from the Climate Challenge Fund to reduce carbon dioxide emissions through a variety of projects. The majority of the money will go towards the construction of polytunnels and allotments to help people grow their own fruit and vegetables.
- Historic Scotland is to contribute £149,000 towards the restoration of Brough Lodge, which will be used as comfortable lodging for residential courses for special groups, such as photography, archaeology, Shetland music and knitting.
- The Scottish Government has cut funding to Shetland's housing association from £3.8m to £2m as funding allocated for this year had been brought forward to the last two years. Hjaltland Housing Association will be able to continue their development plan to build new affordable houses in Shetland, due to deals in place with SIC, although on a smaller scale than planned.
- SIC's economic development budget is being cut for the financial year 2010/2011 by 24.6% from £9.9m to £7.4m. Grant funding for fisheries and aquaculture, tourism and heritage, agriculture, general industry, telecommunications and creative industries, energy and community enterprises is being cut, with tourism worst hit with a reduction from £1.4 million to £580,000. Marketing and promotion spending however is to be increased by 31% and events support by 16%.
- NHS Shetland received a 2.25% increase in funding for the year 2010-2011, bringing its total funding to £36.8m.
- Northlink Ferries are to run with two engines instead of four to save fuel, adding 1-1½ hours to each sailing.
- A deep sea quay at Dales Voe base is to be developed by Norwegian company AF Defcom Offshore UK limited to attract decommissioning work.
- The Foula Electricity Trust has been awarded £220,000 from the Big Lottery Fund to enable the island to become self-sufficient by installing three small 20kW wind turbines, as well as battery storage and back up generators.

- The Council has agreed to fast track funding of £2.5m for a £4.5 million extension of Shetland College in order to gain access to a £1.8m European grant. Building will begin this year, with most of the project completed in the next two years.
- A three part BBC2 television series on Shetland's wildlife featuring Simon King has given a great boost to Shetland's tourism. Promote Scotland had a fourfold increase in traffic at www.shetland.org.
- A record 29,000 passengers are expected to visit Lerwick this summer on board 50 cruise ships. The previous highest number of cruise ships was 48 in 2003, and the highest number of passengers 26,000 in 2006.

Orkney

- 7.7 Orkney's Claimant Count unemployment rate in February 2010 at 1.6% was 18% higher than in February 2009, although it was unchanged from January 2010. By UK standards, the rate remains very low.
- 7.8 Notified Vacancies in Orkney in February 2010, at 59, were 33 up from January 2010, and 16 higher than in February 2009. Live Unfilled Vacancies in February 2010 (39) were 18 higher than in January and 22 higher than a year earlier.

Events and Announcements

- Passenger and car traffic on the Pentland Firth crossing by the new catamaran increased by 18% between 2008 and 2009.
- Between the 21st of April and the 13th of September, 71 cruise ships and 3 sail training ships are scheduled to stop off in Orkney, making it one of the busiest seasons to date.
- The Scottish Government announced a 2.94% rise in revenue funding for NHS Orkney, increasing its total funding allocation to £31.3 million for 2010-2011.
- New health and social care residential facilities at St Margaret's Hope and Kirkwall are to be built, jointly funded by OIC and NHS Orkney.
- A newly published Visitor Survey report found that Orkney had an 18% growth in visitor numbers between 2005 and 2009, with a 13% increase in visitor spend in real terms. The survey found that 80% of visitors come from the UK, and that 95% would recommend Orkney as a holiday destination. 70% of visitors had used the internet for research (compared with 9% in 2005) and almost 50% of accommodation bookings were made online.
- EMEC is to expand its workforce from 13 to 18 to meet demand from companies developing tidal and wave energy devices.
- OCEAN Power Technologies has been awarded £1.98 million by the European Commission directorate responsible for new and renewable sources of energy. The grant is part of a £4.05 million award to a consortium of companies to deliver a wave-energy device, which is expected to be deployed at Santona, in Spain. OPT is to install its Power-Buoy at EMEC by the middle of this year for trials.
- The Big Lottery Fund has provided funding of £435,000 towards each of four community wind turbines on Rousay, Hoy, Shapinsay and Stronsay. Each is expected to generate £2 million over 20 years through sales to the National Grid. Sanday Development Trust secured Big Lottery funding to create a youth hub.

Outer Hebrides

- 7.9 The Claimant Count unemployment rate in the Outer Hebrides increased from 3.9% in January to 4.1% in February 2010. There was a decrease of 2% in the number of people claiming unemployment benefits between February 2009 and February 2010. The number of long term unemployed in the Outer Hebrides (215) in February 2010 was up 59.3% from a year earlier.
- 7.10 Notified Vacancies in February 2010 at 53 were 13 higher than in January. Live Unfilled Vacancies at 35 were 12 lower than a year earlier.

Events and Announcements

- Western Isles NHS will need to reduce its operating costs to help close an expected £4.3 million gap in its 2010/11 budget to operate within the funding of almost £69 million that it will receive. Savings of £3.1 million have already been identified, including an £100,000 annual subsidy to the Council-run Little Teddies nursery which will lead to the facility's closure early in the summer unless alternative funding can be found, with the loss of 22 jobs.
- Some 90 jobs will be created through Lighthouse Caledonia's plans to refurbish and reopen its Marybank plant this summer to handle salmon harvested from its Loch Reag site. The company's new £5 million plant at Arnish will not be ready in time to meet this need.
- As economic recovery funding, the Scottish Government is to provide £3 million in 2010/11 towards renewable energy infrastructure at Arnish. Burntisland Fabrications expect its output in Fife and the Western Isles together to treble over the next 10-12 years. The Arnish facility focuses on manufacturing the "transition" pieces which connect the jacket to the main structure of offshore wind turbines. *(16 April update)*
- Despite public opposition, the proposals for Stornoway Town Hall have been given planning approval by CnES, but with the retention of three rows of balcony seats.
- The Heritage Lottery has provided an initial sum of £240,000 in development funding towards the plans for the restoration of Lews Castle. The overall request from the Lottery towards the £10 million project is £2.6 million. CnES is to provide £3.5 million from its capital programme and a European application is to be lodged in June. The proposals include relocating Museum nan Eilean, extending it to provide a comprehensive historical archive and developing educational programmes.
- Storas Uibhist has been assured of a grid connection, which will enable its wind power development at Loch Carnan to go ahead. The total cost of the three turbine 6.9MW project is estimated at £11.5 million, and it is expected to generate £25 million of revenue for the South Uist, Benbecula and Eriskay communities over 20 years. £2.5 million of ERDF has been secured in principle and a bid for Lottery funding has been made.
- An agreement has been formalised for the local community to own four of the 33 turbines on the Eisgen Estate that have received Scottish Government planning consent. Generating the equivalent of 14.4MW, three turbines should generate £1.4 million per annum for the community.
- Tenders for off-site construction of concrete blocks for Npower's, proposed £20 million Siadar wave power project were much higher than expected, and consideration is now being given to building the structures on-site.
- The final St Kilda Centre feasibility study report costed the project at £4-£6 million. The report recommends that Uig group Buidheann Leasachaidh Ionad Hiort should engage with other

stakeholders, including Unesco, to form a trust which would have responsibility for taking the project forward.

- A village shop with post office in Tolsta in North East Lewis has been formally handed over to a community trust in a £70,000 deal. Produce will be supplied to the shop by the Scottish Co-Op at the same prices as the Stornoway supermarket.
- The first whisky distillery in 170 years on Lewis is aiming to double its production and to increase the quantity of island-grown barley that it uses over the coming year. Abhainn Dearg Distillery will bottle its first single malt next year in time for the Royal National Mod's return to the islands. A former salmon hatchery at Uig was redeveloped to create the distillery.

Moray

- 7.11 Claimant Count unemployment in Moray increased by 11.6% between December 2009 and January 2010, and from a rate of 3.0% of the workforce in January 2010 to 3.2% in February 2010. 15.3% more people were unemployed in Moray in February than a year earlier.
- 7.12 Notified Vacancies in February 2010 in Moray (243) were 166 lower than a year earlier (-40.6%), while Live Unfilled Vacancies in February 2010 (195) were 39.4% lower than a year earlier.

Events and Announcements

- Moray Council's budget for the 2010/2011 financial budget comprises savings of £5 million from the revenue budget and £3.3 million from the capital budget. The main savings include shelving the £6.5 million project to build a regional sports centre at Elgin High School and an increase of Council house rents by 3.5%. Council tax was frozen for the third consecutive year.
- A new Forward Strategy has been drawn up by Moray Council, with the aim of making £40m savings over the next 6 years. Schools, community centres and halls are at threat of being sold or closed. Based on current assumptions, the Council will require to find budget savings of £20 million by 2013/14, and potentially £40 million by 2017.
- Designing Better Services, a major restructuring programme by Moray Council, will streamline and centralise frontline service provision. The Council's headquarters are to be expanded through the purchase of the former Aldi supermarket, with more mobile and flexible working for staff. The DBS programme will reduce the 21 offices and 13 public access points in Elgin to one access point, reduce 20 face-to face access locations across Moray to just 4 (Elgin, Forres, Keith and Buckie), and increase the capacity of the Council's contact centre from 8 to 47 seats, as more Council departments come under the umbrella of a one stop telephone advice centre. The restructuring will result in 60 job losses, and should provide annual savings of £4.4m from 2014 onwards.
- Park Ecovillage Trust, Moray, is to receive nearly £241,500 from the Climate Challenge Fund to enhance sustainability education in the region's schools, aiming to cut 2,452 tonnes of carbon. Providing 'hands-on' eco kits will show how whole sustainable systems work so that pupils take action in their own schools and at home. *(14 April update)*
- Six fishing boats have been told that they cannot moor or land at Lossiemouth marina, due to a lack of space, with just two local fishing boats having been allowed to remain. Lossiemouth was originally a fishing town and in its heyday was home to the second largest white fish fleet in Scotland.

- Work has began on the 5km Fochabers bypass, which is expected to bring benefits to local construction and supply businesses, as well as accommodation providers and food outlets. The bypass is expected to be completed in 2012.
- Michael Low's antique shop in Forres closed after 35 years trading on the High Street. Wee Gooseberry also closed their store in Forres, stating that they are going to concentrate on their stores in Grantown-on-Spey and Nairn.
- Defence firm BAE systems announced that it was in discussions about the potential loss of 18 staff members who work on maintenance of the now retired Nimrod MR2 fleet at RAF Kinloss. This follows the announcement by Cobham that they were shedding 108 maintenance jobs following the Ministry of Defence's decision to cease operating the Nimrod MR2 fleet and the delays in introduction of the successor MRA4 Nimrod fleet.
- Low cost loans are to be available through a new investment fund set up to support businesses in the current challenging economic conditions. £255,000 is available to businesses in Moray, up to a maximum of £50,000 per business.
- Planning approval has been granted for the construction of two new schools in Moray, a new Elgin Academy and Keith Primary, which will be built as a Public Private Partnership project, costing £40 million.

Argyll and the Islands

- 7.13 The number of people claiming unemployment benefit in Argyll and the Islands fell by 1.0% between January and February 2010 to 1,450, having risen by 7.8% between December and January. The two TTWAs in the area with the highest unemployment rates in February were Dunoon and Bute (5.1%) and Campbeltown (4.3%). Dunoon and Bute had the second highest unemployment rate of HIE area TTWAs. Mull and Islay had a relatively low rate of 2.4% in February.
- 7.14 Notified Vacancies in Argyll and the Islands rose by 84 (57.9%) between January and February 2010, but fell by 10 (-4.2%) between February 2009 and February 2010. Live Unfilled Vacancies in February 2010 (196) were 80 higher than in February 2009, and 28 higher than in January 2010.

Events and Announcements

- Argyll and Bute Council needs to make savings of £6.2 million, while agreeing to freeze Council Tax for the third consecutive year.
- The Council has restructured its management, with the loss of four senior posts and savings of £370,000 a year.
- The Council's 2010/11 Corporate Asset Management and Capital Plan includes £4.2m for road reconstruction (with £1 million accelerated), £2.725m for the CHORD programme, and a new landfill cell at Glengorm landfill site. Business cases of future options are to be drawn up for five schools.
- Aquapharm Biodiscovery, based at the European Centre for Marine Biotechnology, has raised £4.2 million from investors Aescap Venture, Tate & Lyle Ventures, HIE and Nestra. The additional finance will be used towards the further development and commercialisation of Aquapharm's product portfolio produced from more than 7,250 marine micro organisms.

- First Milk has announced its intention to stop making cheese at its loss making creamery in Bute, which could result in the loss of 19 direct jobs and have significant consequences for the 14 dairy farms on Bute. HIE has commissioned an options appraisal for Rothesay Creamery and the dairy industry on Bute.
- Loch Fyne Oysters, the luxury seafood producer, is to sell its products on supermarket shelves for the first time after securing a deal with Waitrose. The contract is believed to be worth about £500,000 initially. The company is to sell its Classic Smoked Salmon in 85 Waitrose stores across the UK. The company hopes to see up to six Loch Fyne products on the supermarket shelves by the end of the year, and is also considering the launch of a range of paté and soup products to sell in the stores.
- Bute Community Land Company has been given the right-to-buy Rhubodach Forest by the Scottish Government.
- Kilfinan Community Forest Company raised the necessary £130,000 to buy a local forest in Tighnabruaich. The group aims to be the first to create community crofts to attract young people to live and work in the area, and help the community woodland to be self-financing from 2012 onwards. Over £164,500 is to be received from the Climate Challenge Fund to help the community company to reduce carbon emissions by 207 tonnes. *(14 April update)*
- The Scottish Government accepted the application to register interest in the Machrihanish airbase by MACC (Machrihanish Airbase Community Company), who wish to buy the airbase under the Land Reform Act.
- A mid term review of the Jura Passenger Ferry Service found that the pilot service had achieved significant impacts in providing better access to services, reduced sense of isolation, increased use of holiday homes and significant economic return. 2,688 passengers used the service in summer 2009, with numbers expected to go up later in the pilot.
- £150,000 of European funding and £50,000 from Argyll and Bute Council has been provided for a full technical feasibility study into redeveloping Campbeltown marina. This is part of the £7.8 million Sailwest project – a partnership between the west of Scotland, Northern Ireland and the Republic of Ireland.
- A revised proposal for a new marina in Oban Bay has been submitted to the Council. Community company Oban Bay Marine wants to install a short-stay marina between the North and South Piers for visiting leisure craft, which it says will bring £3 million a year to the town.
- Argyll and Bute Council came to an agreement with Hebridean Air Service to resume its Public Service Obligation routes from Oban airport to Coll, Colonsay and Tiree after the collapse of Highland Airways.
- Oban-based aquaculture equipment manufacturer, Fusion Marine, has secured orders worth £2.4 million from three Scottish fish farming companies to supply salmon pens and associated items.
- An application for a salmon farm at Carradale has been approved.

8. Principal References

- 8.1 The principal sources of statistical information for this report are given below. Many of the sources are regularly updated, and more recent figures and projections could be obtained from the relevant websites.

OECD Economic Outlook No 86, 19 November 2009

IMF World Economic Outlook Update, 26 January 2010

World Bank Global Economic Prospects 2010, 21 January 2010

HM Treasury – Forecasts for the UK Economy – A comparison of independent forecasts, April 2010

HM Treasury Pocket Data Bank (as at 9 April 2010)

ONS – Miscellaneous Statistical Bulletins

BRC / KPMG Retail Sales Monitor for February 2010

Scottish Retail Consortium, Retail Sales Monitor for February 2010

The Scottish Government – Economic Recovery Plan Update, 3 March 2010

The Scottish Government – State of the Economy, Dr Andrew Goudie, December 2009

The Scottish Government News Releases

Registers of Scotland House Prices

Fraser of Allander Economic Commentary, Vol 33 No 3, February 2010

Scottish Visitor Attraction Barometer, October 2009 Report – Glasgow Caledonian University for VisitScotland

HIE Unemployment digests, February 2010 and March 2010 (Planning & Economics)

**Steve Westbrook, Economist
April 2010**

APPENDIX 1

UHI Higher Education Undergraduates, 2008/09

	PT	FT	FTE
Engineering and Technology	551	375	624.3
Science	319	332	452.2
Computing and Information Science	629	247	418.2
Creative Arts and Hospitality	299	574	680.5
Education	609		219.6
Other Health & Welfare	765	575	852.7
Built Environment	357	47	203.7
Mathematics, Statistics and OR	36	1	15.5
Humanities, Languages and Business	1,149	742	1,106.7
Social Sciences	272	273	323.0
TOTAL	4,986	3,166	4,896.3

Source: UHI Student Records
 FTE's relate to full time equivalent students

Excluding Perth College, the totals are 4,254 part-time, 2,146 full-time and 3,646 full-time equivalent undergraduates.