

Highlands and Islands European Partnership



**Highlands & Islands of Scotland
European Partnership**



University of the
Highlands and Islands
Oilthigh na Gàidhealtachd
agus nan Eilean



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean



The Highland
Council
Comhairle na
Gàidhealtachd



Comhairle nan Eilean Siar



Regional Policy Position Paper

Summary

After exiting the EU, UK regions will no longer be able to access EU structural funds. A new Regional Policy is therefore required for the UK as a replacement and to help maximise the economic potential of our regions. The Highlands and Islands European Partnership (HIEP) recognises the importance and value of effective Regional Policy and seeks a future Regional Policy that is:

- Nationally aligned and regionally responsive, focusing on regional competitiveness and socio-economic inclusion
- Long term and strategic in nature, with resources commensurate with the scale of challenge and opportunity
- Regionally flexible, driven by the involvement of local partners in development, delivery and evaluation
- Aligned with wider delivery mechanisms and, in particular, UK / Scottish Rural Policy



Introduction

by Councillor Jimmy Gray,

Chair of the Highlands and Islands European Partnership*

In the past three decades, EU Regional Policy has transformed our economic and social well-being. It has enabled investment in transport and broadband connectivity, business growth, community development, research capacity and skills, helping to develop the region's first university. It has addressed low and sparse population, peripherality, insularity and complex geography — delivering population growth and business success, encouraging vibrant communities and enabling the Highlands and Islands to make its contribution to wider prosperity in Scotland and the UK. As we look to the future, new opportunities are emerging, but familiar challenges remain. A new regional policy, nationally aligned but regionally responsive, is essential if we are to enjoy prosperity and well-being across all of the region and fulfil the region's potential in contributing to Scotland's success.

* HIEP members:

Argyll & Bute Council
 Comhairle nan Eilean Siar
 The Highland Council
 Highlands and Islands Enterprise
 Moray Council
 North Ayrshire Council
 Orkney Islands Council
 Shetland Islands Council
 University of the Highlands and Islands

The Highlands and Islands a region with ambition

The Highlands and Islands of Scotland is a region with ambition – innovative businesses and growth sectors, thriving and resilient communities and resourceful people. However, it is also a region of contrasts, characterised by remote rural mainland and over 90 inhabited islands, sparsity of population, challenging geography, social and economic fragility and peripherality. It is a region of outstanding scenery, with a rich natural environment and diverse cultural heritage which makes it unique. While the Highlands and Islands covers half the landmass of Scotland, its 478,000 inhabitants represent under 8% of the national population. Although the population of the region has increased over recent years, some areas are still challenged by depopulation, ageing population and youth out-migration, which impacts on communities and the local economy. Future projections in many of these areas are not promising and our response is likely to be hampered by the impact of Brexit on migration and investment.

Our environment and natural resources are assets that can contribute significantly to regional and national prosperity. The region is among the best in the world for marine energy potential. With a coastline longer than that of France, the opportunities in the wider marine economy – fisheries and aquaculture, marine biotechnology, marine tourism – are extensive. Driving these opportunities is the research excellence in institutions such as the Scottish Association for Marine Science (SAMS) UHI and NAFC Marine Centre UHI in Shetland, both part of the University of the Highlands and Islands, and the European Marine Energy Test Centre (EMEC) in Orkney. Each has benefitted from EU regional funding to develop infrastructure and research expertise.

Established industries such as whisky and aquaculture are ranked first and second in the UK's food and drink exports. Over half of all Scotland's distilleries are based in the Highlands and Islands, and the area is the third largest salmon producer in the world.

Our diverse rural economy is also home to globally competitive businesses in life sciences, business services, and has unique assets in the creative and cultural industries.



The Highlands and Islands of Scotland

- *half the land mass of Scotland*
- *less than 8% of Scotland's population*
- *over 90 inhabited islands*



What does future Regional Policy need to deliver for the Highlands and Islands?

The Highlands and Islands is unique within the UK, with its mix of economic, social and cultural assets presenting opportunities and challenges. It will require concerted and co-ordinated effort from a wide range of stakeholders to catalyse development across the whole of the region. The region is an exemplar, attracting interest from across Europe for its success in building a diverse rural economy and vibrant communities where increasing numbers of people live, work, study and invest.

Our successes have been delivered with local stakeholder involvement in development, delivery and evaluation, ensuring that Regional Policy opportunities are responsive to regional challenges and focus on regional opportunities to bring about a shared prosperity.

Future Regional Policy needs to empower the region to contribute to UK and Scottish economic growth, while recognising permanent and long term challenges. Undoubtedly, EU Regional Policy and funding have had a major impact in terms of reducing social and economic disparities, leveraging in substantial levels of funding. Looking forward, however, there are new opportunities for greater autonomy in determining the region's priorities, whether through investment from the Shared Prosperity Fund or any other domestic regional policy measures and mechanisms.



Characteristics of Future Regional Policy

This an exciting time for the region and its communities. Future Regional Policy, with development and delivery led by devolved administrations and regional stakeholders, can bring a long term strategic focus, maximising regional economic potential that is sustainable and inclusive. Our view is that key characteristics of future policy should be:

- Improved regional competitiveness and inclusion, recognising and responding to regional disparity
- Focussed on regions with the greatest challenges – not all regions will benefit to the same degree. Clear and objective criteria are required, considering spatial scale and definition of selected regions
- The opportunity to consider more sophisticated selection criteria, beyond GDP per capita, (for example, population sparsity, employment / participation rates, average wage levels, skill levels, economic concentration, “remoteness”, “fragility”)
- Delivered with funding that is available over the long term at a level commensurate with the scale of challenge and opportunity, rather than short term, one-off allocations of funding
- Adopting a more flexible approach, with a high degree of input from regional stakeholders, to address the specific regional challenges and opportunities in the region
- Through simple, streamlined and, as far as possible, aligned with wider delivery structures
- Ensuring that UK / Scottish Regional Policy is closely aligned with UK / Scottish Agriculture and Rural Policy (also replacing existing EU policy), bringing together the two most significant place-based development policies

It is important that lessons learned from our collective experience of EU programmes are captured and inform the development and delivery of successor domestic programmes.

Some of our key opportunities for further investment and development, supporting a distinctive “place-based” approach include:

- Enhancing the region’s physical and digital connectivity
- Investment in sectors / clusters where the region has competitive advantage, such as marine energy and life sciences – regional Smart Specialisation
- Investment in new technologies, particularly those that enhance our competitive strengths and respond to our regional challenges, for example the “Local Energy Economy”
- Talent attraction and retention, recognising that this is multi-faceted, including employment, education, housing, connectivity and transport
- Investment in education and skills infrastructure and provision to match the future needs of the regional economy
- Investment in community capacity building and resilience, leading to strong, vibrant communities
- Growing as a world class tourism destination

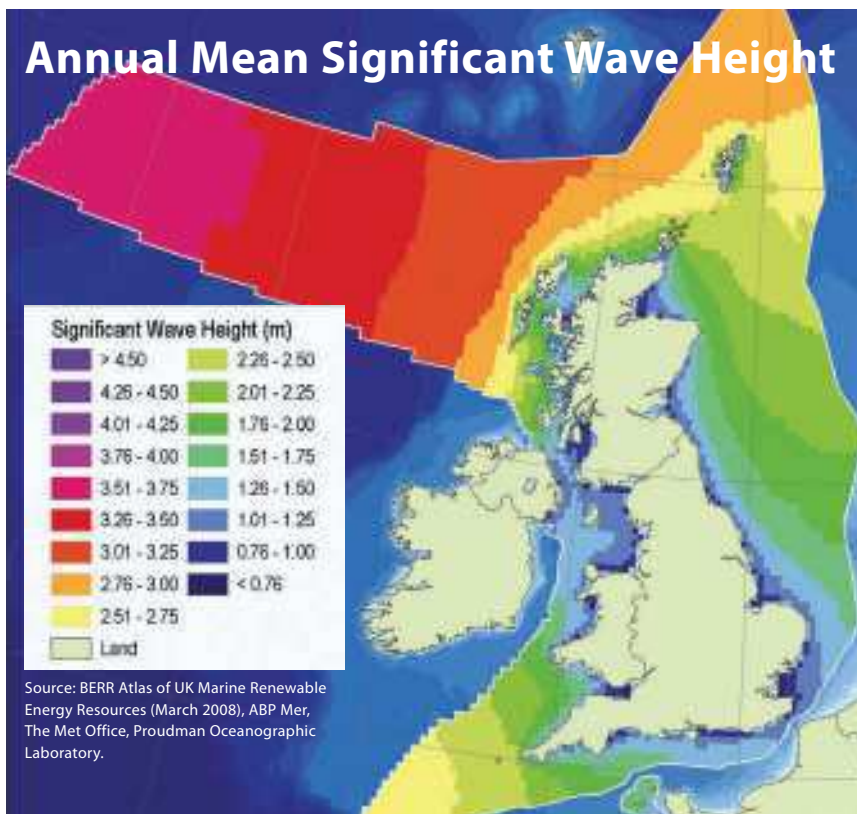
Time, however, is running out. The current structural funds programmes end in 2020 and now is the time to develop future regional policy to avoid a damaging hiatus in Regional Policy and support.



The Highlands and Islands of Scotland is indeed a special corner of the country, with an abundance of natural resources, a diverse business base, world renowned environment and vibrant, confident communities.

An effective regional policy will enable the region to make a full contribution post Brexit towards economic and social growth. That's good for the Highlands and Islands. It's also good for Scotland and the UK.

Annual Mean Significant Wave Height



Source: BERR Atlas of UK Marine Renewable Energy Resources (March 2008), ABP Mer, The Met Office, Proudman Oceanographic Laboratory.

This document was prepared by the Highlands and Islands of Scotland European Partnership.

For further information please contact:
Angus MacLeod
angus.macleod3@highland.gov.uk

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