REGIONAL ECONOMIC STRATEGY 2025 - 2035

HIREP

Contents

Front cover image: European Marine Science Park from above. © Raymond Hosie/HIE

1. Introduction

Beatrice offshore wind farm. © Gillian Frampton/HIE

The Highlands and Islands is on the cusp of unprecedented opportunity. Scottish and UK Governments acknowledge that the region is pivotal in terms of meeting climate change targets and supporting the shift to clean, green sources of energy. Achieving this will require transformational change and action to ensure that economic and social benefits are captured for people, communities and businesses in all parts of the region.

This strategy sets out where regional scale collaborative actions by the Highlands and Islands Regional Economic Partnership (HIREP) will be crucial for realising the once-in-a-generation opportunities present across the Highlands and Islands and addressing the development challenges facing the region.

The strategy recognises that HIREP partners will continue to work to their own plans and strategies, delivering at regional or sub-regional level. This document recognises the value of that work and enhances and builds on partners' actions and responsibilities. It is not an aggregation of the vital actions delivering local economic development across the region.

In articulating the need for collaborative regional action, the strategy focuses on areas where working together is the most effective and efficient means to generate maximum impact and benefit.

An overview of the Highlands and Islands region*

The Highlands and Islands is unique within Scotland and the UK, being a large, sparsely populated region, similar in size to Denmark, with dispersed settlements and all of Scotland's inhabited offshore islands. Over a fifth of residents live on islands and almost two-fifths in remote rural areas.

The region's complex mountain and coastal geography provides challenges for connectivity and access to services, markets and employment. An extensive transport infrastructure including over a quarter of Scotland's road network, 60 ferry routes, 10 regional and 10 local authority airports attempts to mitigate these challenges of rurality and peripherality.

Conversely, our extensive land and marine assets have, over decades, been powerful drivers of our primary sectors, food and drink, and tourism successes and are now shaping the region's leading role in renewable energy generation and climate change adaptation and mitigation.

40,793 sq km

52% of Scotland's land mass

Orkney
Population: 22,000
22.2 people per sq km

Shetland
Population: 23,000
15.7 people per sq km

Na h-Eileanan Siar
Population: 26,100
8.5 people per sq km

Highland
Population: 235,400
9.2 people per sq km

Moray
Population: 93,300
41.7 people per sq km

Argyll and Bute
Population: 86,000
12.4 people per sq km

Arran and Cumbrae
Population: 5,900
13.3 people per sq km
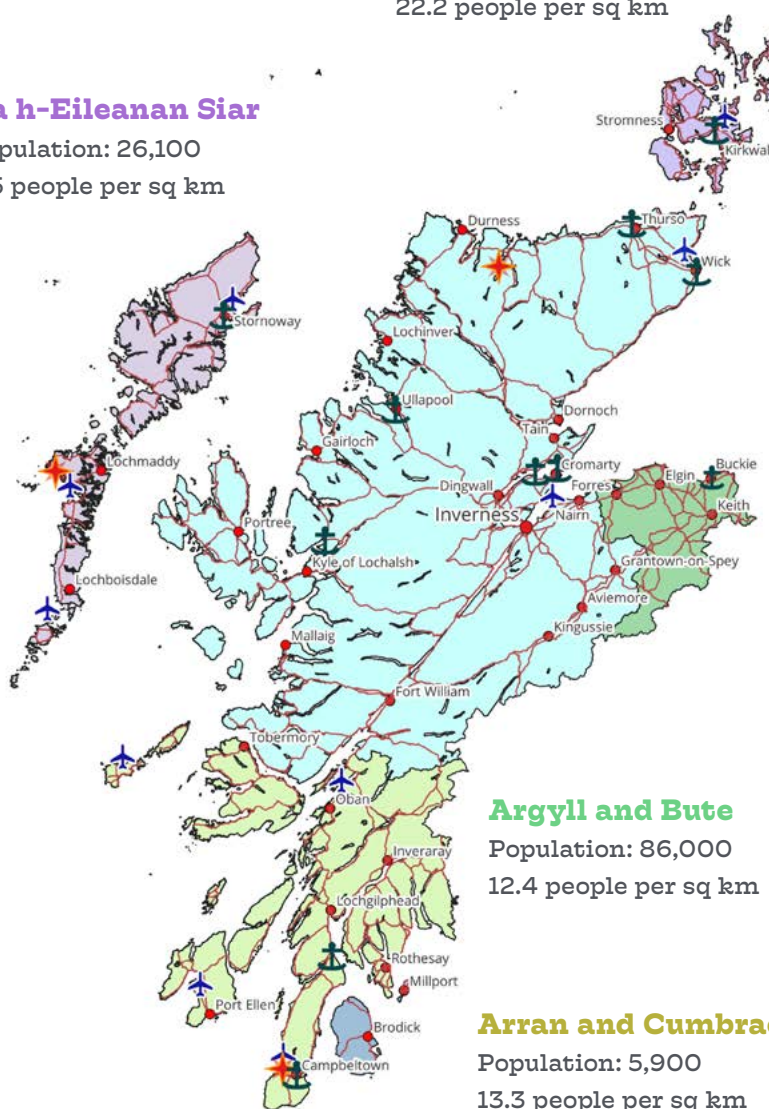
* As far as possible, analysis in this section is based on the HIREP geography. Where data is not available at this level, the regional figure is based on local authority data (so excludes Arran and Cumbrae), or the Highlands and Islands International Territorial Level (ITL) geographic classification (excludes Helensburgh and Lomond).

Within the context of national growth, the region's population remained relatively stable between 2011 and 2022, however this masks considerable sub-regional variation. As with Scotland overall, there is an ageing population with low birth rates and levels of in-migration, although this can be more acute in our region.

The working age population is lower than nationally in all areas (ranging from 54% in Arran and Cumbrae to 60% in Highland, Moray and Shetland, compared with 64% nationally) and declining, even where there is overall growth, resulting in higher dependency ratios. With fewer people than jobs, this highlights the importance of population attraction and retention for the Highlands and Islands.

491,600 people

9% of Scotland's population

Population share by age 2022, HIREP and Scotland
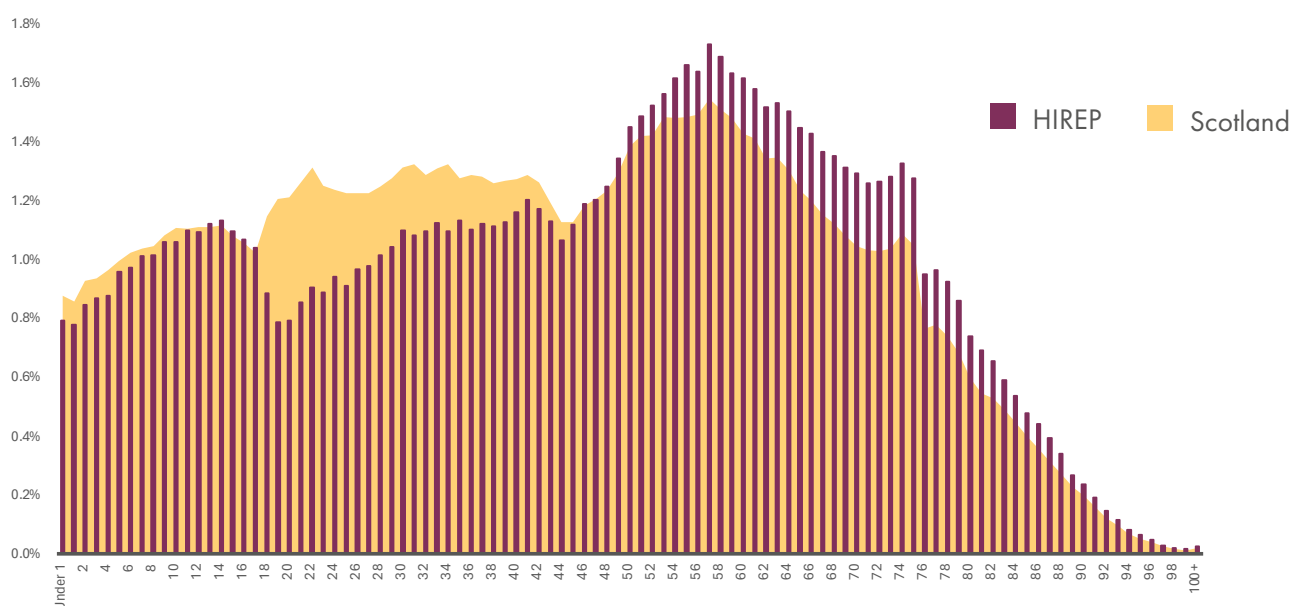
Percentage change in population, 2011 to 2022

Scotland 2.7%

Scotland -0.9%

2.9%

1.4%

− 0.04%

0.00%

− 0.8%

− 1.5%

− 2.5%

− 3.7%

− 4.5%

− 3.9%

− 5.2%

− 5.6%

− 5.5%

− 7.5%

− 8.0%

−10.6%

HIREP | Argyll and Bute | Highland | Moray | Na h-Eileanan Siar | Orkney | Shetland | Arran and Cumbrae

Total population   Working age population (aged 16-64)   Scotland – total population change   Scotland – working age population change
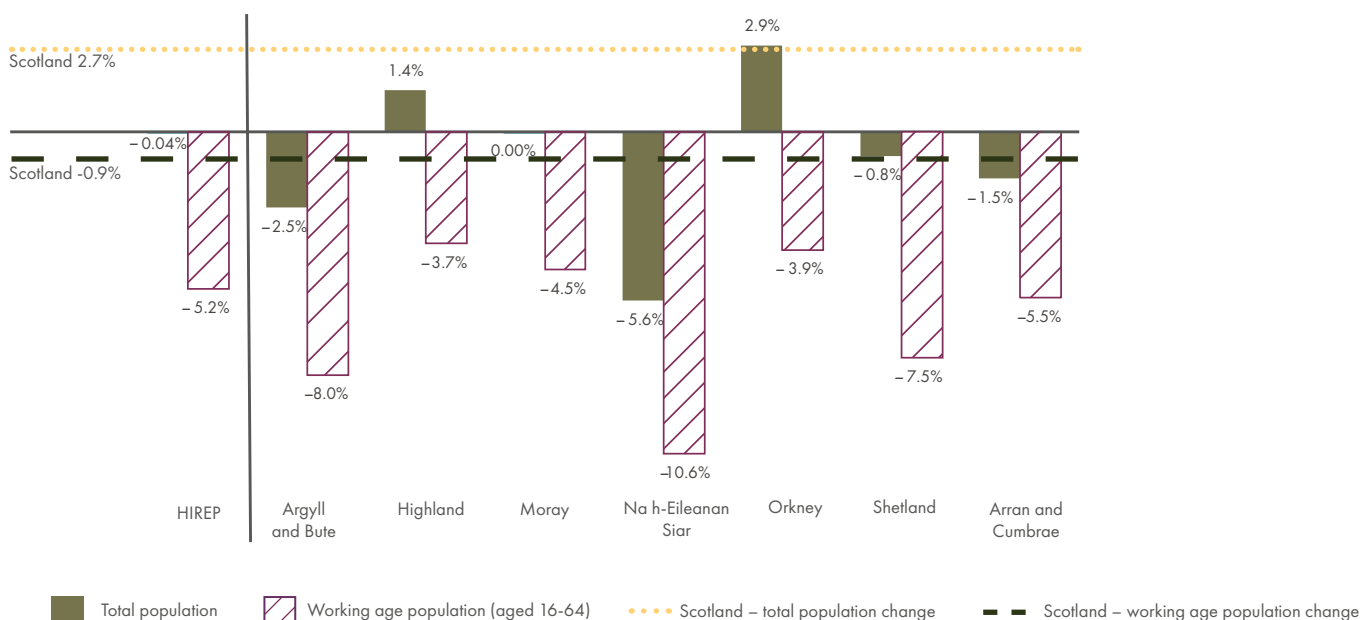
COMMUNITIES AND INFRASTRUCTURE

Community, culture and a sense of belonging are powerful assets in the Highlands and Islands. They are evident in extensive community asset ownership and management, strong levels of affinity and pride, and high levels of social capital. However, those living in the region face poorer access to services, higher costs of living, and greater exposure to fuel poverty, along with lower levels of pay than nationally. Transport poverty is evident, and levels of housebuilding lag Scotland, with this most acute in remote rural and islands areas. Realisation of the region's opportunities is predicated on investment in enabling infrastructure including digital and mobile connectivity, transport, housing, and service provision, to remove barriers to development.

All sectors new build house completions index
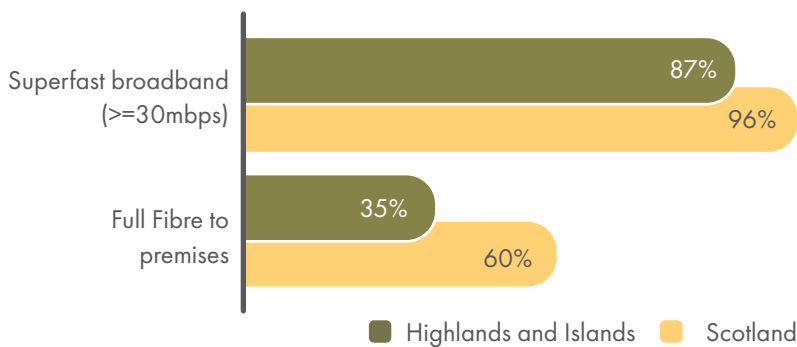(base year = 2008)

Legend: — Highlands and Islands — Scotland

Broadband connectivity
May 2024: Proportion of premises with access to:

Superfast broadband (>=30mbps): Highlands and Islands 87%, Scotland 96%
Full Fibre to premises: Highlands and Islands 35%, Scotland 60%

Legend: ■ Highlands and Islands ■ Scotland

Mobile connectivity
Spring 2024: Proportion of land mass predicted to have good outdoor coverage from at least one mobile network:

4G: Highlands and Islands 81%, Scotland 85%
5G: Highlands and Islands 11%, Scotland 23%

Legend: ■ Highlands and Islands ■ Scotland
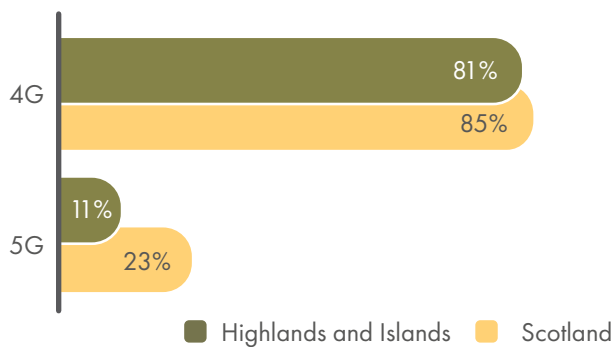
5.2% of land is in community ownership

99% of the Scottish total

Rises to 50.3% of land in Na h-Eileanan Siar

Median (gross) annual pay of £27,079 in 2023

91% of the Scottish level

19% of children aged under 16 are living in relative low-income families

21% nationally

Over 10,300 second homes and 12,600 vacant properties

(43% and 14% of the Scottish totals)

Around half of residents live in the 20% most deprived areas of Scotland in terms of access to services

People living in rural parts of Scotland spend £50 more per week on transport than those living in urban areas

LABOUR MARKET AND SKILLS

The region has a tight labour market with consistently high levels of participation and low unemployment. The employment rate and economic inactivity levels are similar to nationally, though levels of self-employment are higher. Almost all school leavers enter positive destinations, with a higher proportion than nationally going directly into employment or training. Though public sector and services still dominate, employment in constr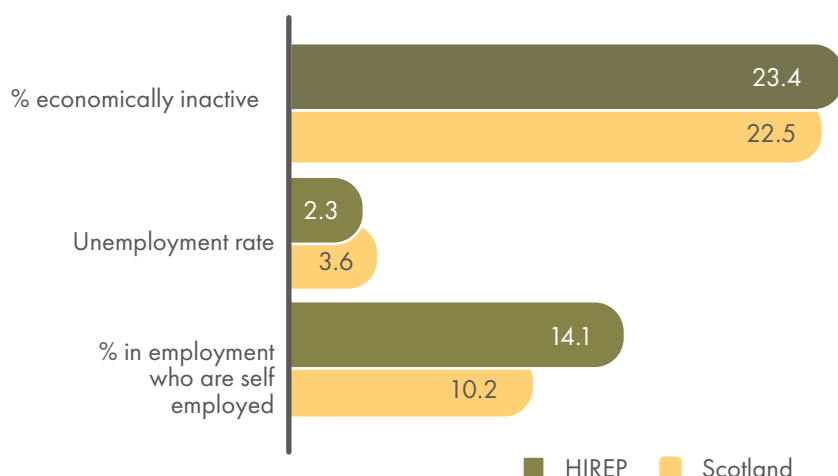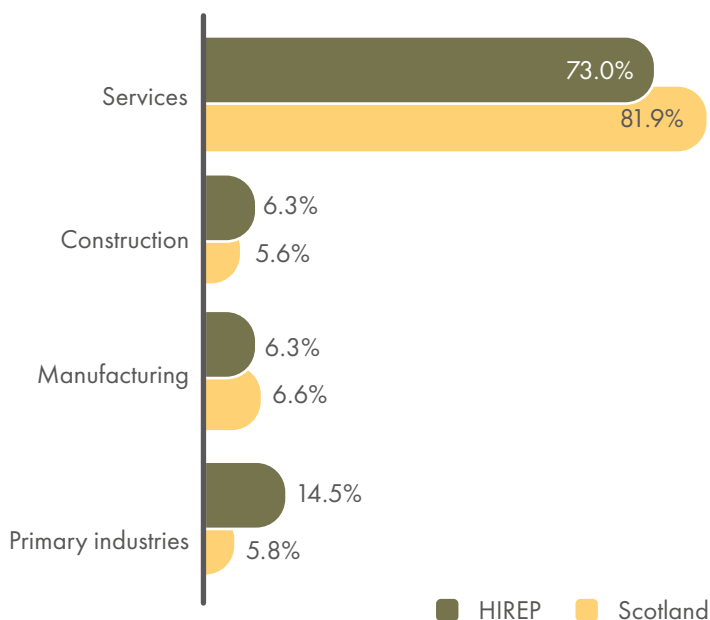uction and primary industries is higher than nationally, and the employment base is diversifying. Labour and skills shortages persist, but opportunities are increasing to reskill/upskill to meet the needs of new and expanding sectors.

Total employment of 256,000

9.8% of the Scottish total

Key labour market indicators
(of those aged 16-64)

Indicator	HIREP	Scotland
% economically inactive	23.4	22.5
Unemployment rate	2.3	3.6
% in employment who are self employed	14.1	10.2

Share of employment by industry 2022*

Industry	HIREP	Scotland
Services	73.0%	81.9%
Construction	6.3%	5.6%
Manufacturing	6.3%	6.6%
Primary industries	14.5%	5.8%

*Within services, the most dominant sectors are: education, human health and social work (21.5% of regional employment), wholesale and retail (12.9%) and accommodation and food services (10.9%).

SKILLS

48% of those aged 16-64 have a qualification equivalent to SCQF level 7 or above

55% nationally

39% of school leavers went directly into employment or training

28% nationally

4,273 modern apprentices in training at the end of March 2024

11% of the Scottish total

GROWING OPPORTUNITY

Replacement demand (2026-2033) of 53,200 jobs

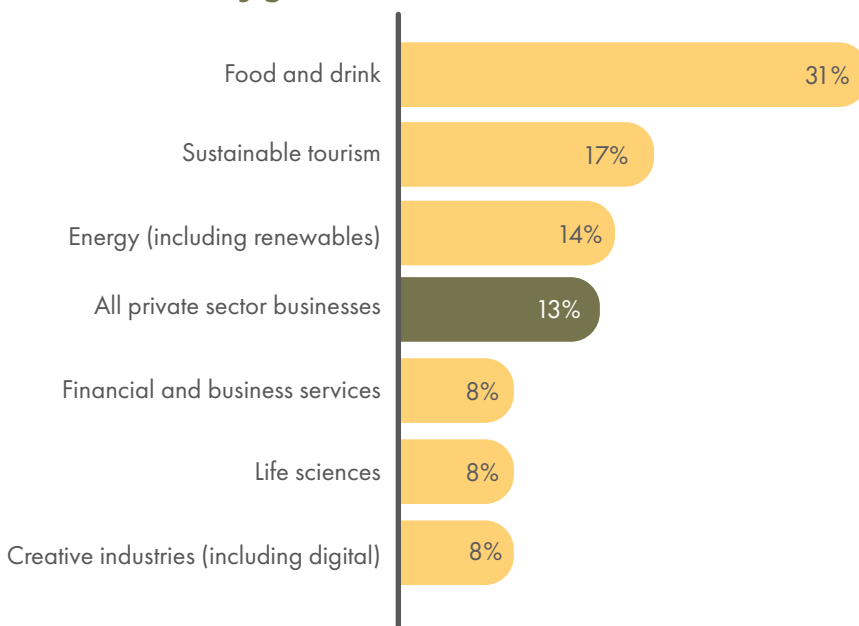(openings created by people leaving the labour market)

42,000+ unique job postings (August 2023 to July 2024)

8% of all job postings in Scotland
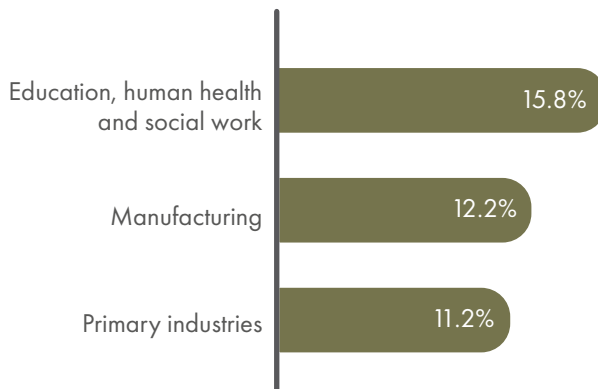
BUSINESSES AND ENTERPRISES

As with Scotland overall, the region's economy is dominated by small and medium sized enterprises (SMEs) although this accounts for a higher share of employment than nationally. The business base is diversifying, spanning a broad range of sectors including food and drink, sustainable tourism, renewable energy, life sciences (including marine biotechnology), creative industries, and space. In terms of economic contribution, manufacturing and primary industries are regionally significant. Businesses are resilient and innovative, underpinned by a strong entrepreneurial culture. Social enterprises are more prevalent than elsewhere in Scotland, playing an important role in realising local opportunity and supporting service delivery.

Share of Scotland's private sector business base by growth sector

Sector	Share
Food and drink	31%
Sustainable tourism	17%
Energy (including renewables)	14%
All private sector businesses	13%
Financial and business services	8%
Life sciences	8%
Creative industries (including digital)	8%

*The growth sectors shown in the chart account for just under half (49%) of the region's business base, 42% nationally.

Share of regional GVA* (top three contributors)

Sector	Share
Education, human health and social work	15.8%
Manufacturing	12.2%
Primary industries	11.2%

*Gross Value Added (GVA) is the value added in the production of goods and services

23,095 registered private sector businesses

13% of the Scottish total

1,277 social enterprises

21% of the Scottish total

GVA of £13.3 billion

8% of the Scottish total

33% of businesses are innovation active (2020-2022)

(32% nationally)

Business start-up rate of 8.3% in 2022
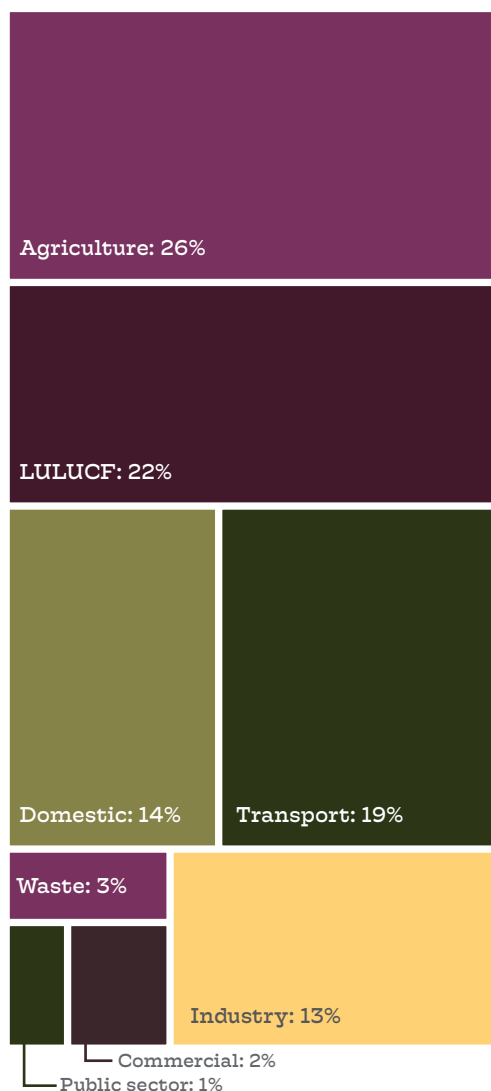
10.8% nationally

3-year survival rate for businesses of 64% (for those born in 2019)

57% nationally

NET ZERO AND CLIMATE ADAPTATION

The region is making progress in reducing greenhouse gas (GHG) emissions although the pace of this does lag Scotland overall. Agriculture and Land Use, Land Use Change and Forestry (LULUCF) account for a significantly higher share of emissions in the region than nationally and addressing this is critical for both regional and national ambitions around net zero. Energy transition will be core to lowering transport, domestic and industry emissions, and the scale of retrofit required to bring commercial and domestic properties up to appropriate energy efficiency standards presents both a challenge and an opportunity. The region's capacity for renewable energy generation, which is extensive and growing, and the carbon sequestration potential of our natural capital, are pivotal to meeting climate change targets for Scotland and the UK.

6,236 ktCO$_2$e in 2019

15% of the Scottish total

12.7 tCO$_2$e per capita

7.8 tCO$_2$e nationally

27% of domestic dwellings have an Environmental Impact Rating of C or above

41% nationally

Share of territorial GHG emissions by source, 2019

Agriculture: 26%

LULUCF: 22%

Domestic: 14%

Transport: 19%

Waste: 3%

Industry: 13%

Commercial: 2%

Public sector: 1%

Around half of Scotland's woodland and more than three-quarters of Scotland's peatland are located in the Highlands and Islands

52%

The region accounts for 52% of Scotland's current installed renewable energy
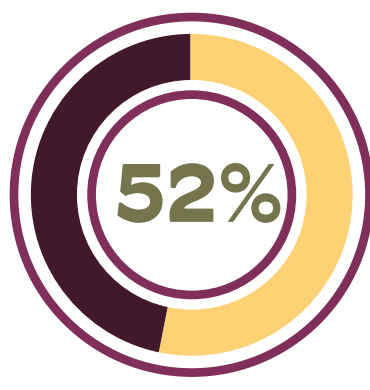
Potential to increase the region's renewable energy capacity from 6,513MW to 33,205MW

© John Paul/HIE

THE ROLE OF THE HIGHLANDS AND ISLANDS REGIONAL ECONOMIC PARTNERSHIP

The Highlands and Islands Regional Economic Partnership (HIREP) is a partnership of public, private, third sector and academic organisations, working together to realise the region's economic potential in a sustainable and inclusive way. Established in 2022, it enables inclusive and sustainable economic growth and builds resilience throughout the region, by identifying areas of joint strategic purpose. It focuses on co-ordinated action in pursuit of regional growth opportunities and to address shared challenges.

HIREP fulfils its purpose through:

›   Identifying opportunities for collaborative and co-ordinated action in pursuit of agreed regional priorities, ensuring, where appropriate, that stakeholders' plans are aligned, and resources are deployed efficiently and effectively.

›   Advocating on agreed regional economic opportunities and challenges and, where appropriate, leading in discussions with Scottish Government, UK Government and other organisations.

›   Being future-focused in looking ahead to identify emerging regional opportunities and challenges where collaborative action can maximise outcomes and impact.

›   Working to understand evolving approaches to external funding and reacting to maximise impact across all parts of the region.

›   Understanding sub-regional economic dynamics and, where appropriate, formulating solidarity actions to ensure that no part of the Highlands and Islands is left behind.

Membership of the HIREP includes local authorities, Highlands and Islands Enterprise, Skills Development Scotland, Scottish Funding Council, University of the Highlands and Islands, NatureScot, VisitScotland, Bòrd na Gàidhlig, HITRANS, Cairngorms National Park Authority, The Crofting Commission, business representatives and third sector organisations.

OVERVIEW OF THE REGIONAL ECONOMIC STRATEGY AND ITS DEVELOPMENT PROCESS

The Regional Economic Strategy galvanises collaborative partner action in pursuit of shared ambitions, goals and actions to deliver on the region's potential. It builds on the Scottish Government's Regional Economic Policy review and is informed by the National Strategy for Economic Transformation (NSET). It brings a regional focus and coherence to a strategic landscape informed by a range of national strategies and plans, including those relating to energy, climate change and just transition, population, housing, digital, innovation, community wealth building, rural and island development, agriculture, land use and biodiversity.

This regional strategy also aligns with the strategies of member organisations, focusing where collaborative action will yield the best outcomes.

It charts how the region can capitalise on key opportunities and assets to sustainably and inclusively grow the region to reach its economic potential. It has been informed by diverse research, analysis and discussion that has included:

›   a review of the existing research and strategies produced by Highlands and Islands REP members, as well as other relevant external research;

›   workshops involving HIREP members;

›   HIREP sub-groups on population, skills, housing, tourism, childcare and community wealth building;

›   an online survey of stakeholders across the region in November and December 2023 ensuring a good level of representation of business owners and private industry leads, public agencies (at both regional and sub-regional level) and community representatives.

›   Online consultation on a draft strategy document, during July and August 2024.

2. Our vision for the region in 2035

VISION STATEMENT

The Highlands and Islands is a dynamic, connected, resilient and prosperous region with a balanced and growing population and a vibrant economy, embedding community wealth building, leading Scotland's transition to net zero, and enhancing our natural environment.

FULFILLING OUR VISION – A SNAPSHOT OF THE REGION IN 2035

Increased regional cohesion and partnership

Increase in regional attractiveness and investment

Improved perceptions and understanding of the region

Region is outward looking and well-connected globally

Businesses are more innovative, productive, resilient and adaptable

Housing quality, affordability and availability supports population and economic growth

Communities prosper and are more sustainable

The region has a more balanced, growing and skilled population

The region is well connected with good quality and secure services

The region is an international exemplar and has extended economic and community benefit from its transition to net zero

GVA and average incomes are higher than the national averages

3. The rationale for change

1965

Establishment of Highlands and Islands Development Board (HIDB)

1970's

Exploitation of North Sea oil

Upgrading of transport infrastructure

1970/80/90's

Local government reform

1975

1970's onwards

Upgrading of telecoms infrastructure

University of the Highlands and Islands

2000's

Net zero

2020's onwards

2010's onwards

Offshore renewables

KEY DRIVERS OF CHANGE

The Highlands and Islands is an adaptable and resilient region. It has a long history of leading and responding to change, characterised by partnership working to grasp regional opportunities and secure investment in much needed regional infrastructure and services. The next decade and beyond will be no different, with change being a constant. The HIREP strategy and its delivery is informed and guided by an understanding of the drivers of change and their specific, and sometimes unique, impact on the region.

Climate change

- Climate adaptation and resilience
- Energy transition
- Biodiversity
- Decarbonisation
- Regulation
- Community engagement and awareness

Political and societal change

- Constitutional reform
- Regulation
- Community wealth building
- Consumer behaviour
- Cost of living
- Increasing demand for fair work and remote and flexible working
- Equalities

Land ownership and land use

- Housing supply and demand
- Land use change and natural capital markets
- Community ownership and wealth building
- Land and agricultural reform
- Agriculture and food production
- Sustainable tourism

Technology and innovation

- Data innovation and artificial intelligence
- Automation and robotics
- Digital transformation
- Cyber resilience
- Circular economy

Demographics

- Migration
- Working age population
- Increase in older population
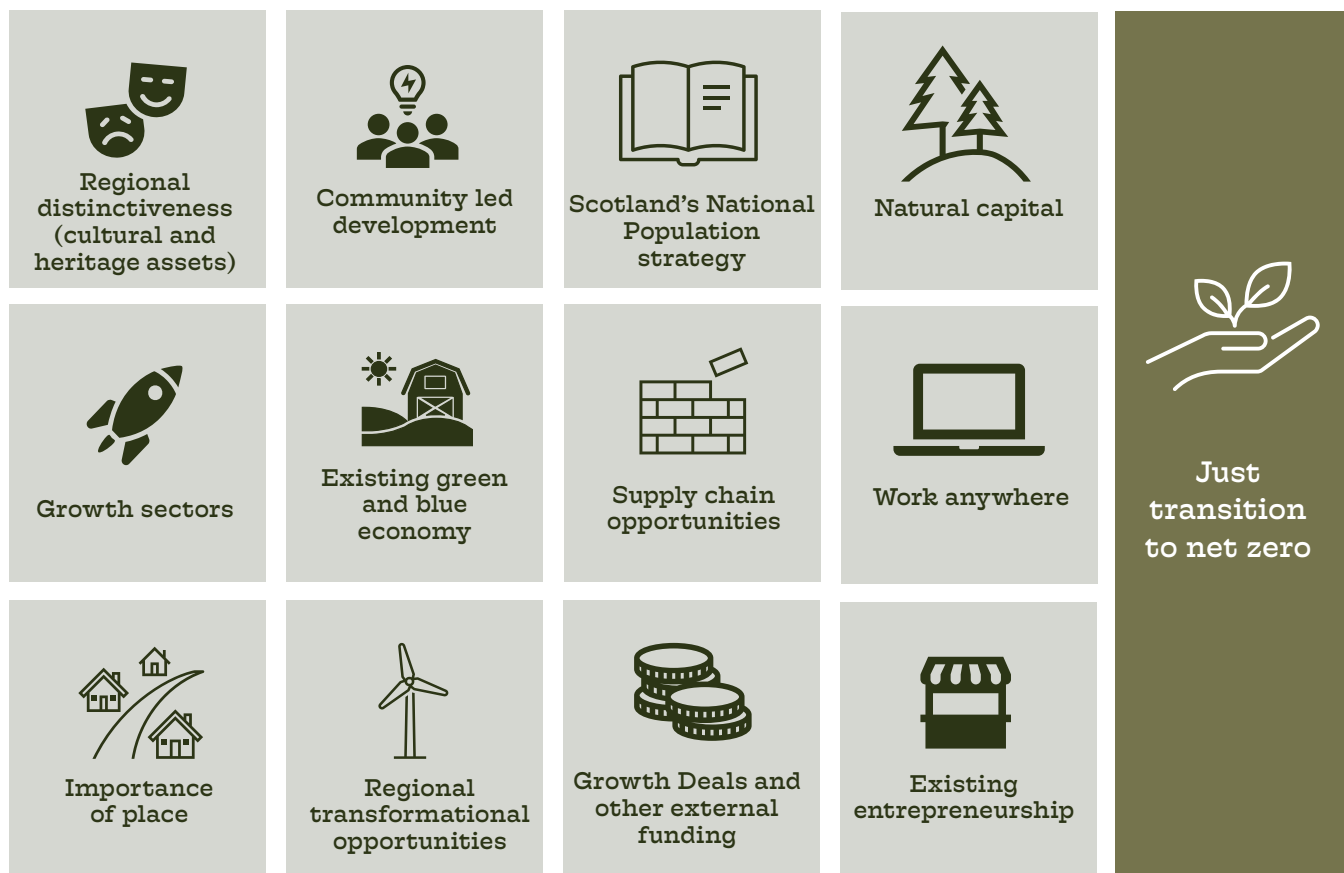- Low birth rates
- Geographic disparities

A wind turbine in the countryside around the Seaboard Villages. © Gillian Frampton/HIE

ANALYSIS OF THE REGION'S STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

An honest and timely assessment of the region provides the basis for a clear rationale for change. This is framed by our understanding of the strengths, weaknesses, opportunities and threats (SWOT) that shapes the goals and actions of the Strategy. HIREP members have drawn on their collective experience to understand the forthcoming decade of change across the whole region and sought to identify the most significant economic opportunities together with enabling infrastructure and services that will realise the region's potential. This has been tested in consultation with wider stakeholders to ensure that HIREP's collaborative action is focused where it is most required and will make the most impact.

Opportunities

Regional distinctiveness (cultural and heritage assets)	Community led development	Scotland's National Population strategy	Natural capital
Growth sectors	Existing green and blue economy	Supply chain opportunities	Work anywhere
Importance of place	Regional transformational opportunities	Growth Deals and other external funding	Existing entrepreneurship

Just transition to net zero

> "Much of Scotland's renewable energy resource is in this region or its coastal waters. Collective action is required to secure, through influence, a favourable policy and regulatory regime; a strategic approach to infrastructure investments; regional level skills development and region-wide community benefits."
>
> Consultation respondent*

> "Renewable energy and infrastructure provides a fantastic opportunity for jobs and sustainability, but there is a risk that the local benefit is not maximised and the socio-economic potential is not maximised"
>
> Consultation respondent*

The Highlands and Islands is at the forefront of Scotland's economic transformation and transition to a net zero nation. The mix of natural resources, established and emerging sectors, culture, heritage, social capital and business know-how combine, to make a lasting impact on the region's economic performance, the lives of its people and communities, and the natural environment.

Working together, the combined expertise, resources and ambition within public, private, academic and third sector partners, can be a catalyst for regional transformation. Through collaboration, our leverage in securing external public and private investment can support development throughout the whole region.

Sense of place is strong in the Highlands and Islands, with the region's unique culture, environment and people shaping future opportunities. These manifest themselves in exciting prospects for our key sectors and for community wealth building. Opportunities have been tested through consultation with stakeholders and are those where a collaborative regional approach can deliver the best outcomes.

*HIREP Strategy consultation – Summer 2024

Renewable energy and energy transition

The region currently accounts for over half of Scotland's installed renewable energy capacity and this capacity could increase four-fold if all pipeline activity is realised, further still if proposed developments progress.

Reflecting this, HIREP members, and the broader consultation process, recognised renewable energy as the primary opportunity for the region. This includes capitalising on renewable energy generation as a means for the region to maximise its future potential, creating highly-skilled and high-paying jobs in a rapidly growing sector. It also means supporting evolution of the sector through technological innovation, and ensuring the infrastructure exists in terms of transport, ports and harbours, housing, academic expertise and supply chain requirements, so that benefits can be retained in the region.

Central to this opportunity is not only the expansion of the renewable energy sector but also ensuring that local communities benefit from its growth. Without specific action, there is a risk that local benefits may not be maximised, despite the region being a significant contributor to Scotland and the wider UK's renewable energy production. Local communities should derive tangible benefits from the renewable energy assets in the region, contributing to more equitable growth and community wealth building, addressing local needs and enhancing community wellbeing.

Sustainable tourism and hospitality

Sustainable tourism is a key opportunity that could benefit the region across its varied geographies. While the visitor economy is well established in the region, sustainable tourism has emerged as an opportunity for further growth, bringing potential to support vibrant rural areas, employment creation in rural communities and is key to the region's just transition to net zero. Visitor demand for the Highlands and Islands is consistently strong, especially in international markets, and is reinforced by a distinctive brand based on our unique culture, heritage and landscape.

Future success will depend on our ability to achieve balanced, sustainable growth of the visitor economy, creating opportunities for communities and businesses to realise benefits, while seeking to protect and enhance the environment on which tourism depends.

Food and drink, and primary sectors including aquaculture

The region's food and drink sector, built on our primary industries, is well-established and has a unique reputation with high value which is associated with our environment, people, culture and provenance. It is rooted in the region's extensive land and marine assets and the work of farmers, crofters and fishers. A significant economic contributor, employment stretches across the region. There are, however, location specific clusters. Areas such as Islay and Speyside are renowned for their whisky production, our islands and west coast for aquaculture, while Moray is recognised for its crop and animal production, and fish landings take place around our extensive coastline.

To ensure a prosperous future for the sector and to maximise benefit to local communities, enterprises will have to adopt new technologies, create higher value jobs and develop sustainable products and business models. Market insights indicate that both future employees and customers will be concerned about the low carbon footprint of food and drink products and enterprises' efforts to reduce their emissions. As producers of high value products, businesses have the potential to be a forerunner in this. Regional greenhouse gas baselining highlights the scale of opportunity in addressing emissions from agriculture, land use and industry.

Life, marine and health industries

The Highlands and Islands has multiple niche strengths in life, marine and health sciences, built on unique natural resources, growing academic expertise and innovative businesses. We have anchor life science assets across the region in UHI Shetland, the European Marine Science Park and Inverness Campus, parts of which are included in the Inverness and Cromarty Firth Green Freeport area. Collaboration between stakeholders and within clusters will be key to creating the conditions for long term high value growth, for enterprises that are focused on a range of markets, overseas and domestically, and tend to pay above average salaries. The Highlands and Islands has advantages in areas including biotechnology, using the region's natural resources, such as seaweed and timber, to create high value products for the food, pharmaceutical and packaging industries; as testbed for remote and sustainable healthcare that delivers for sparse and dispersed population; and leading animal health, aquaculture and agritech research, development and innovation that ensures the sustainable future for the region's extensive marine and land based farming sectors.

2.86 million hectares of utilised agricultural land, 54% of Scotland's total

Shawbost Mill, Isle of Lewis. © Gary Doak/HIE

Heritage and creative industries

With well-established international brand recognition, our region has strengths in heritage, provenance and storytelling, creativity, Gaelic and other languages, and green credentials. The creative industries is the world's fastest growing sector, largely driven by transformational adoption of technology. In the Highlands and Islands, it spans commercially successful businesses as well as community-based organisations, and is buoyant across the whole geography, with clusters in many of our islands. It is often strongly linked to distinctive local culture e.g. Gaelic culture in Na h-Eileanan Siar and visual arts and crafts, textiles and jewellery in Orkney and Shetland.

The region has a major opportunity to build on its international reputation and many assets, with strengths in areas of largest growth such as digital content, authentic traditional crafts, digital heritage, environment and sustainability.

Proportion of people aged 3+ with at least some Gaelic Skills (2022)

Scotland	2%
HIREP	9%
Na h-Eileanan Siar	57%
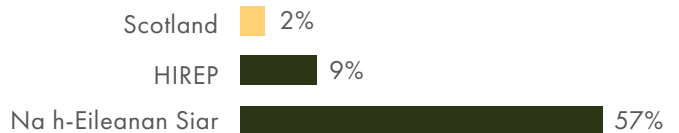
Source: 2022 Census

Enablers and challenges

Realising our regional opportunities requires effective policy, investment and service delivery across the region and requires a sharp focus, given the challenges of geography, demography, infrastructure deficiencies and cost of service provision. Each of the enablers, identified by HIREP members and through consultation, is a fundamental requirement for development and presents challenges best addressed through collaborative action.

Current factors impacting on cost of living and doing business

High rates of domestic and business fuel poverty

Transport and digital infrastructure

Youth out-migration

Extreme weather

Housing affordability and availability

Declining public sector resources

Lack of economic diversity/sensitivity to economic shocks

Low wages and productivity

Shortages in skills and skills provision

Ageing population - risk of demographic crunch

Declining town and village centres

Perception that living here requires compromise

Rurality/remoteness

Housing

Housing provision and availability across the region is a fundamental enabler of development, and the current housing system is not operating in a way that supports economic development, community resilience or population attraction and retention.

Fit for purpose and affordable housing, across all types and tenures, in the right locations, underpins realisation of the region's transformational economic opportunities by ensuring that worker accommodation is available. It supports growth of the region's SME base through provision of housing in proximity to employment. It is also critical to community cohesion and resilience, given the importance of housing availability for all residents and those providing key services.

The need for new housing investment across the region is matched by the need to invest in existing housing stock to improve energy efficiency, address fuel poverty and contribute to a reduction in greenhouse gas emissions.

The region's housing challenge is multifaceted. Collaborative action by HIREP seeks to understand and address barriers in the housing system, leading to investment in housing stock that meets the needs of all parts of the region.

Proportion of dwellings that are vacant or second homes (2023)
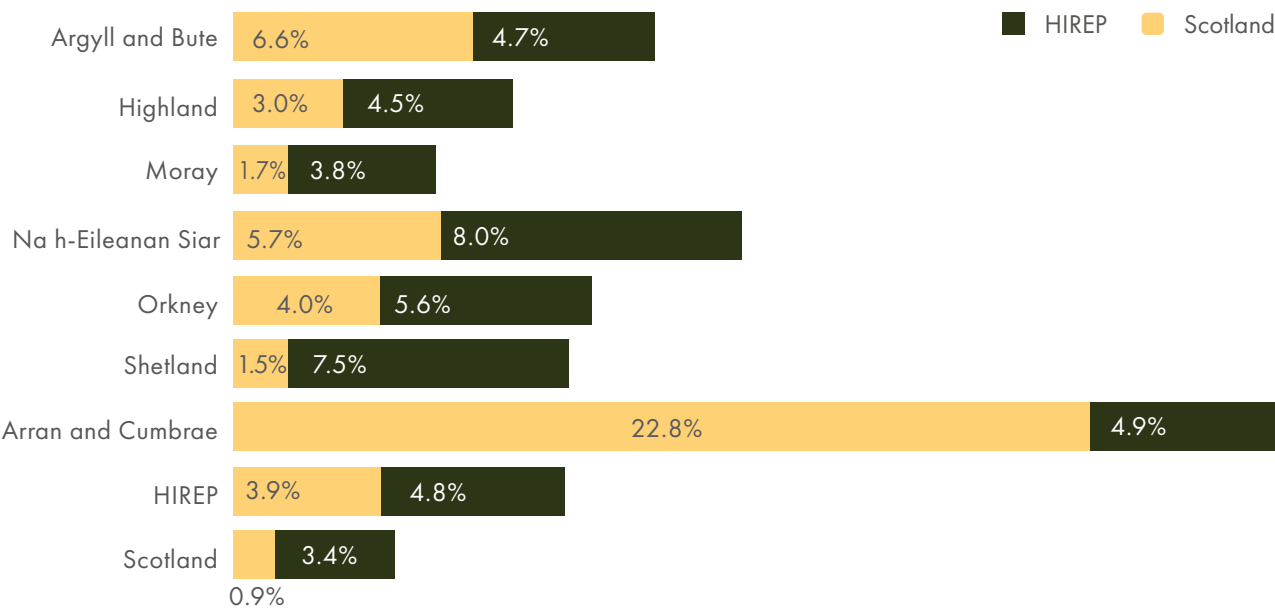
Source: NRS Small Area Household and Dwelling Estimates (2023)

A Calmac ferry leaving Lochranza. © VisitScotland/Kenny Lam

Transport services and infrastructure

Effective transport infrastructure and services are critical to connecting our businesses, communities and people with each other and with the wider world. There are numerous transport challenges across the region which can result in journeys with low average speeds, low frequency and reliability issues. Transport services are expensive to deliver over a large geography and, in many parts of the region, reliance on private cars exacerbates transport poverty. Specific challenges include poor road networks, including trunk roads and other main routes, limited electric vehicle charging infrastructure requiring public investment to expand; limited public transport options across much of the region including low frequency rail services, infrequent and costly flights from the region's airports and ferry services challenged by reliability and resilience.

These challenges have multiple impacts. They can hamper access to employment and public services, particularly amongst low-income groups and they are a barrier to businesses accessing supplies and markets.

Sustained investment in transport infrastructure and connected services is required, not only to enable efficient, timely and resilient services, but also to support the decarbonisation of transport.

Digital connectivity

Digitalisation is a proven driver of development, with equity of access, at affordable cost, to high-speed connectivity being a pre-requisite to delivering the ambition in this plan. Such access is not yet universal throughout the region, leading to a geographic digital divide and stifling the realisation of opportunities in some, often remote or island communities. As investment continues nationwide to deliver ever faster broadband speeds, there is a need for continued public investment to ensure that the region keeps pace with other locations. Across a region with dispersed population and lengthy travel times between settlements, mobile connectivity is equally important, while being challenging to deliver effectively. Continued investment is required to deliver 4G and 5G connectivity outwith main settlements.

Improving digital access across the region is of paramount importance to businesses, being a strong driver of innovation and productivity. It is also fundamental to delivery of public services, including education and health services which are, increasingly, implementing digital service delivery models to address the challenge of distance.

Alongside investment in physical infrastructure, there is a continuing need to maximise the economic and social benefits of digital through supporting business and social innovation.

53% of premises are able to get a 5G signal outdoors from at least one mobile network operator, lower than the share at the Scottish (87%) and UK (92%) levels

Population and shortage of labour

A stable or growing population, particularly of working age is a prerequisite to realising our economic ambitions and sustaining vibrant communities. Depopulation is a significant regional challenge, with decline in working age population exacerbated by out-migration and the impact of Brexit. Population of working age has decreased more rapidly between 2011 and 2022 in the Highlands and Islands than Scotland and almost a quarter of the population in the region are of retirement age. There is also unevenness of population distribution across the region. The opportunity afforded by digital connectivity to "work anywhere" in certain jobs is potentially an opportunity for the region but is heavily dependent on addressing the issues that determine regional attractiveness.

Population challenges are acknowledged as cross-cutting and complex, impacted by interlinked factors such as access to affordable housing, available public transport options, effective digital connectivity, access to core services such as health, social care and childcare, education and training options and long-.term employment and career opportunities.

Labour shortages have become more prevalent in the past few years, impacted by Brexit and the pandemic, and have been more acute in sectors such as tourism and hospitality, food and drink, construction and health and social care. Challenges are also more persistent in more rural and island areas. Lower wages are an inhibiter to attracting population so increasing fair work and wage rates are key.

There is an overriding need to reverse depopulation and thereby increase access to labour, through systemically addressing its causal factors to make the region a more attractive place to live, complemented by a regional effort to support talent attraction, upskilling and reskilling, and reducing economic inactivity.

Skills shortages

Labour and skill shortages are interlinked but come with their own unique challenges. While labour shortage makes it harder to find people to hire, skills shortage makes it harder to find the right people.

The region has long-standing skills gaps and skills shortages which will continue, partly driven by the changing nature of skills in workplace such as digitisation. For our future and current workforce, the skills required to enter and progress in work are also changing. Alongside the possibilities for skills and labour attraction to the region through various sectoral opportunities, for example renewable energy, life sciences and aquaculture, change will be required within the skills system to deliver sufficient numbers of skilled people, not only to realise our economic opportunities but to ensure that service delivery in the foundational economy, for example health and social care, is supported.

"Depopulation is often linked to the other challenges listed in this consultation, such as housing, cost of living and employment opportunities. Many younger people, those most likely to be economically active, leave the island for better housing and employment prospects. Reversing the trend of depopulation should be a central focus of any Highlands and Islands Economic Strategy."

Consultation respondent*

The gender pay gap was 4.5% in 2023, compared to 1.7% nationally and 7.7% across the UK

Energy

While the regional opportunities from energy transition are evident, there are also challenges. The transition to net zero will require a mix of public and private investment in enabling infrastructure. The scale of such investment is beyond the capacity of the REP and its members. There is, however, a crucial role to play in identifying and evidencing the need for infrastructure, working collectively to aggregate data, and advocating for investment. Such investments have the potential to generate considerable community benefit, the challenge being to secure benefits of appropriate scale and maximise resulting community and regional impacts.

Furthermore, the cost of energy presents a substantial issue for both local communities and private businesses, especially for those without access to mains gas. Consequently, these individuals and businesses are often reliant on more expensive energy sources for heat, such as oil and electricity. High energy costs are a particular issue for business. While the cost of energy is outwith its direct control, there is a potential advocacy role for the REP.

Beatrice offshore wind farm. © Gillian Frampton/HIE

Natural habitat and climate change

The Highlands and Islands faces substantial challenges as a result of climate change, and the potential impact on the natural environment, local communities, transport and infrastructure, and local businesses. Key risks as a result of climate change include loss of coastal communities and natural resources as a result of rising sea levels and coastal erosion; increased frequency and intensity of extreme weather events; and loss of biodiversity and habitat degradation, with impact on fragile ecosystems such as peatlands and marine environments.

We need to take action to reduce the region's carbon footprint. Research details the scale of emissions from land use and agriculture. It points to the need for changing agricultural practices and investment in restoration of natural habitats (particularly peatlands and native woodlands). Whilst clearly a challenge, carbon reduction also presents opportunity in the form of environmental enhancement and nature-based business and job opportunities. There is also potential for significant community benefit to be derived from natural capital investment at regional scale over the long term.

Even if the region can collectively deliver net zero, our climate is likely to continue to change with warmer drier summers, warmer wetter winters, and more extreme weather events – storms, floods, droughts. A risk-based approach to climate change adaptation will be essential.

This is a cross-cutting challenge which not only has potential consequences for the opportunities identified such as for sustainable tourism and life, marine and health sciences, but also the potential to exacerbate other challenges including disrupting transport and infrastructure and contributing to further depopulation.

The Highlands and Islands has 86% of Scotland's coastline, 61% of the UK's
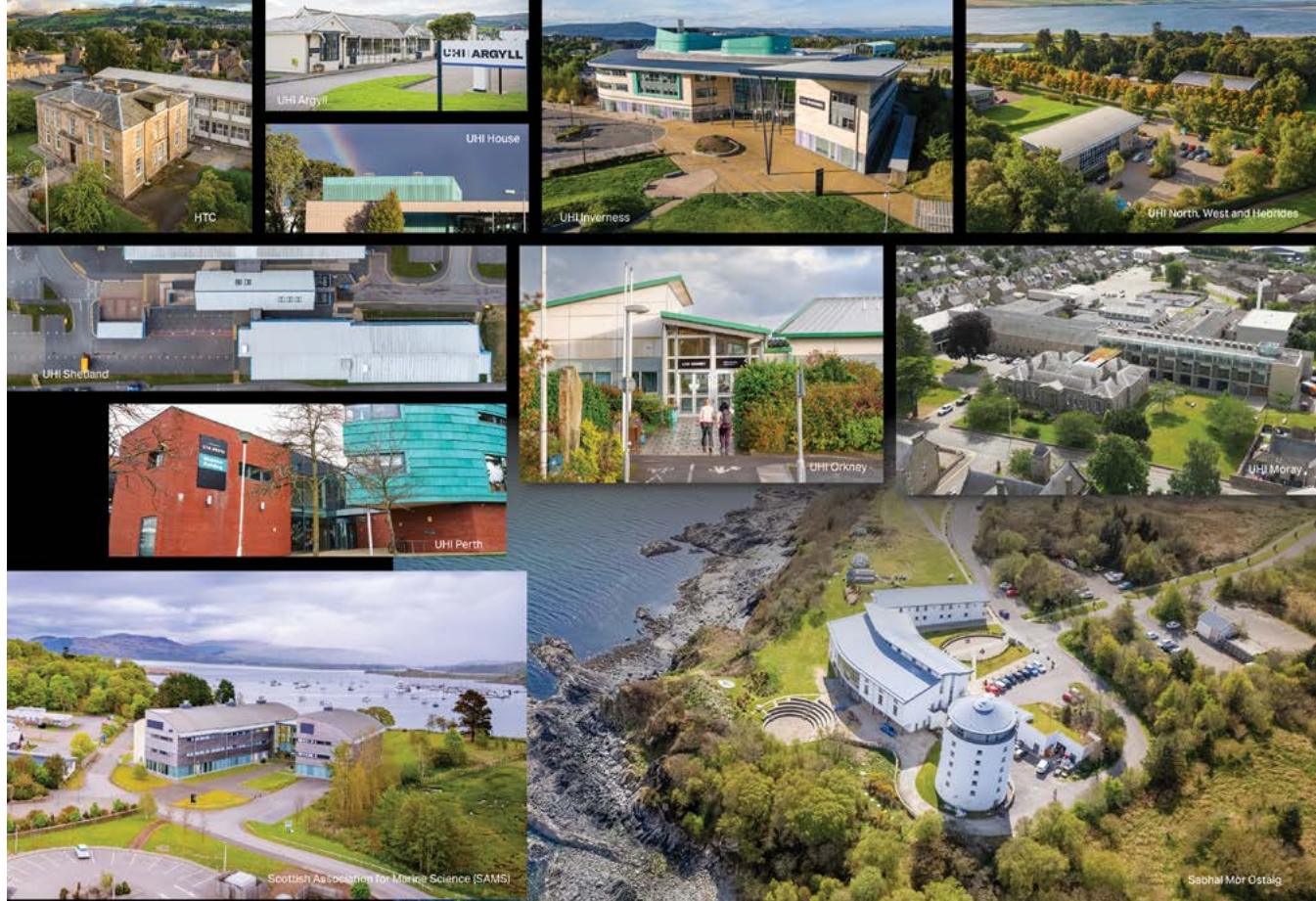
Accessible public and private services across the region

The availability of services across all parts of the region is central to the ability to retain and attract population. Delivering such services across the Highlands and Islands is logistically challenging and costly. The need to deliver over distance and the lack of scale economies, given small and dispersed populations, requires innovation, partnership and significant resources.

Services include childcare, social care, cultural and leisure services, along with education and health services. While these are often the responsibility of individual HIREP partners, there is merit in regional learning and potential collaboration to develop and deliver services using new and innovative models.

We need to build on our improving connectivity and recognised expertise in partnership delivery of services. The OECD in its rural innovation work has recognised the healthy state of social innovation and role of social enterprises in service provision, especially across remote mainland and island communities. Such partnerships should be enhanced, with HIREP having a role in building partnerships and sharing good practice across the region. A collective regional voice articulating what works most effectively in service delivery across the HIREP geography and the investment required to deliver is needed.

> "It is important to maintain, and preferably expand on, the current provision of services which are viewed as key to sustaining a viable community. If the island's population falls further it could jeopardise key services and further accelerate the process of depopulation, with the school, GP surgery, shops and businesses potentially shutting as a result."
>
> Consultation respondent*

CONCLUSION

Focusing on opportunities and enablers is key to achieving our vision, alongside a need to ensure these are clearly understood by governments and investors. Infrastructure investment is fundamental, requiring a long-term approach and innovation, especially to be appropriate for our geography and dispersed populations and businesses.

Whilst our goals and actions are shaped around where we can combine our efforts to do more and achieve more for the region, there is an overarching requirement for collective and consistent promotion of the benefits and evidence of the needs of the region to help secure its vital continued contribution to the sustainable and inclusive growth of Scotland and the UK.

4. Goals and actions

The Cuillin from the road, Isle of Skye. © Gillian Frampton/HIE

Introduction

The strategy sets out clear goals and associated actions requiring regional collaboration to deliver our vision. Actions considered best delivered at a local level are not incorporated but HIREP will remain agile and consider additional actions if required as part of biennial delivery plans.

HIREP vision statement

The Highlands and Islands is a dynamic, connected, resilient and prosperous region with a balanced and growing population and a vibrant economy, embedding community wealth building, leading Scotland's transition to net zero, and enhancing our natural environment.

Our goals

Cross-cutting Themes

Goal	Sub-goals	Community wealth building / benefit	Innovation and entrepreneurship	Population	Just transition
Increase the profile and understanding of the Highlands and Islands to support effective policy and unlock regional investment	• Enhance the regional evidence base to support advocacy and business case development • Bolster advocacy efforts with national government to better highlight the region's unique needs • Identify new ways to deliver public services across the region, including through use of technology and innovative partnership delivery models				
Become a region that delivers high quality and affordable housing for residents	• Improve the functioning and responsiveness of the housing system to emerging needs in the Highlands and Islands • Support the revitalisation of rural areas by increasing access to high-quality housing across the entire region				
Enhance the region's transport and digital infrastructure to become an exemplar of efficient rural connectivity	• Improve transport connectivity for local residents, businesses and visitors by increasing the availability, reliability and affordability of public transport • Pursue innovation in technology and service provision to deliver enhanced and more resilient and sustainable transport connectivity across the region • Increase the level of access to high-speed connectivity across the region				
Build resilience and competitiveness through place-based opportunities and stimulating an active culture of entrepreneurship and innovation	• Stimulate an entrepreneurial and innovation-active culture within the region • Support new opportunities to enable growth and resilience in our priority sectors				
Maximise the economic and community benefits from renewable energy investments and drive the region's move to net zero and climate resilience/adaptation	• Maximising the economic and community benefits from renewable energy development • Actively work towards safeguarding and enhancing the region's natural capital				
Develop a coordinated response to skills and labour requirements across the region	• Develop a shared understanding of labour and skills needs • Protect and build on the best of provision • Workforce attraction and retention				

Galson Estate Trust Isle of Lewis. © Gillian Frampton/HIE

To deliver these goals, HIREP will put appropriate governance arrangements in place, including the alignment of some existing regional specific groups, to provide clear ownership of both development and delivery of agreed actions.

The strategy has identified four cross-cutting themes considered fundamental to meeting our goals and adding value to our actions:

Community wealth building and benefit

> The region has a strong and proud history of extensive community-led development and action. Community wealth building (CWB) is pivotal to a successful place-based approach to socio-economic development and actions will be woven into HIREP's response to regional opportunities and will contribute to addressing, in part, key enablers. It is recognised that community-led development is a powerful mechanism for population retention.

> The understanding of CWB principles differs within HIREP partners and implementation across the region is at different stages. Building on development of a common understanding, HIREP's focus will be on the identification of CWB actions that are most effectively delivered at regional scale, for example community benefit from energy and other investments, natural capital benefits, and procurement approaches.

> Sharing strategic community benefits is a core component of CWB. The potential scale of community benefits arising from major investments, including onshore and offshore wind developments, transmission infrastructure investments, and, in the longer term, natural capital, could yield considerable sums across the region. Considering common objectives and guiding principles in securing, managing and investing strategic community benefit funds, at the local authority level, can support long lasting and sustainable impact.

© Bellevue Farm Tours and Holiday Cottages.

Innovation and entrepreneurship

› The region has embraced innovation and championed entrepreneurship over decades, wielding it to respond to both the challenges and the distinct opportunities created by our geography and natural and cultural assets.

› Extensive social innovation, aided by the region's high levels of social capital and number of inclusive, democratic business models, has been impactful in finding novel ways of delivering community services and benefits. The OECD, in its recent work on innovation in rural areas, highlighted the powerful impact of social innovation on development in the Highlands and Islands and recognised the solid foundation on which to build.

› Innovation is key to improving productivity, competitiveness, profitability and entrepreneurship. The drivers of change will require the region to adopt and exploit technology, data, artificial intelligence and advanced innovation. Embedding these across the strategy, diversifying, and developing entrepreneurial skills and knowledge will increase resilience and broaden the economic base.

550 businesses and 31 social enterprises per 10,000 resident adults (380 and 13 nationally)

Population

› The Highlands and Islands has experienced periods of significant population decline throughout its history which have resulted in successive governments and the European Union recognising the need for strategic support. With the 2022 Census indicating that every part of the region has experienced a decline in working age population, although more keenly felt in the islands and the North mainland, the strategy recognises the core need for significant investment in people, infrastructure, and businesses to tackle this challenge. The region's greatest asset is its people. They are intrinsic to realising our ambitions, and creating the conditions for population growth requires actions across all the goals in the strategy.

Just transition

› Scotland's ambition to achieve net zero emissions by 2045 has far reaching implications for the Highlands and Islands and its people, communities and businesses. The positives include the renewable energy opportunities that are evident in the region are critical to achieving national ambition, and the extent and capacity of our natural capital both to sequester carbon whilst generating economic opportunity and good biodiversity outcomes.

› The challenges are illustrated by the need to reduce the emissions impact of agriculture and land use, and the scale or work required to decarbonise domestic and commercial heating.

› The change required will require good data, collaboration, careful planning and delivery to ensure that benefits are shared across all geographic areas and interest groups and that costs do not fall disproportionately on particular areas or groups. Each of the regional opportunities and enablers/challenges includes a net zero component to be addressed in a "just" way.

Nova Innovation with charging point, Island of Yell, Shetland. © Ben Mullay/HIE

31% of domestic properties are reliant on high carbon fuels for heating, 8% nationally

OUR STRATEGIC GOALS AND ACTIONS

Goal 1: Increase the profile and understanding of the Highlands and Islands to support effective policy and unlock regional investment

A powerful regional voice, supported by robust evidence detailing the opportunities and challenges in all parts of the region, is needed to exert effective policy influence and secure external public and private funding to further our regional ambitions. Using our collective knowledge and resources to shape innovative solutions, responding to unique situations across the region will demonstrate the value of place-based approaches.

Sub-goal 1a: Enhance the regional evidence base to support advocacy and business case development

Actions

> Progress a regional economic intelligence hub to increase access to, and use of, regional data and intelligence.

> Collectively strengthen the evidence base through research, analysis and evaluation, to support and inform action across all strategic goals, with initial focus on housing, transport and transition to net zero.

> Develop a new regional approach to attracting investment through promotion of the region's assets and opportunities, working collaboratively to identify and progress inward investment opportunities.

Sub-goal 1b: Bolster advocacy efforts with national government to better highlight the region's unique needs

Actions

> Advocate for and develop alternative ways of funding and providing key public and private services in the region (e.g. childcare)

> Develop and communicate a clear HIREP position in regional, rural and island policy and funding discussions with governments, to secure effective policy and maximise resources to realise regional opportunities

> Advocate for the region on key issues impacting on realisation of our regional vision and achievement of strategic goals, strengthening and ensuring a common and consistent voice for the region.

Sub-goal 1c: Identify new ways to deliver public services across the region, including through use of technology and innovative partnership delivery models

Actions

> Reflect on existing national systems and policies which impact on the implementation of the strategy and identify those which are not currently delivering for the region, developing alternative proposals for wider consideration.

> Design and implement innovative service delivery models, building on the region's high levels of social capital, expertise in social innovation and existing public/private delivery model collaborations.

> Recognising the creation of a new national planning hub, identify where regional partner collaboration can further support HIREP planning authorities in making timely decisions that support key economic drivers such as housing, transport and renewable energy.

Goal 2: Become a region which delivers high quality and affordable housing for residents

Enhancing local housing options is crucial for community sustainability and resilience. Providing residents with a quality home creates a foundation for long-term wellbeing, fosters stronger communities and is critical for attracting population.

Sub-goal 2a: Improve the functioning and responsiveness of the housing system to emerging needs in the Highlands and Islands

Actions

› Working with local authorities and housing associations, empower and support community housing trusts to build capacity to take forward feasibility work and develop propositions for community-led housing developments.

› Explore the establishment of a regional demonstration project to test new approaches to addressing housing in rural locations, governed by a committed partnership of public, private and community representatives. Use the learning to inform region-wide solutions

› Consider and raise awareness on where housing policy and regulation could usefully be rural proofed and adjusted to allow local authorities to more flexibly use their funding to respond to island and rural needs.

Sub-goal 2b: Support the revitalisation of rural areas by increasing access to high-quality housing across the entire region

Actions

› Increase the construction of more affordable housing of all tenures, ensuring dispersal of provision across rural areas, and consider how publicly owned and crofting land can contribute to this.

› Repurpose vacant homes and holiday rentals by encouraging occupancy/utilisation as permanent primary homes and exploring different mechanisms, including new tax models, to promote change.

› Champion energy-efficiency by encouraging the construction of energy efficient housing as well as upgrading the existing housing stock.

› Recognising the challenges faced by SMEs in the construction sector operating in rural areas, work with the sector to build its resilience, aided by a more certain pipeline of proven housing developments.

› Consider the need to pilot short-term accommodation solutions to alleviate pressures in key locations.

Hebridean Housing Partnership development. © Gillian Frampton/HIE

Goal 3: Enhance the region's transport and digital infrastructure to become an exemplar of efficient rural connectivity

Connecting people, communities and businesses to employment, services and markets, physically and virtually, is a prerequisite for development. Transport that is reliable, resilient and affordable, provides effective connections across the region and connects the region to the wider world. Digital connectivity is a gamechanger, for access to services and markets. Both open up business opportunities and makes the region an attractive place to live, work and visit.

Sub-goal 3a: Improve transport connectivity for local residents, businesses and visitors by increasing the availability, reliability and affordability of public transport across the region.

Actions

› Work with HITRANS, ZetTrans and SPT to support the development and delivery of their RTS action/delivery plans, which include road, rail and ferry infrastructure and service enhancements, improved integration across travel modes, and exploration of fixed link options

› Revitalise efforts to deliver against commitments made regarding strategic road enhancements, including A9 and A96 dualling and A82, A83 and A85, and to improve road quality and safety, unlocking regional economic potential.

› Support the case for improvements to air and ferry services to meet the needs of communities and businesses, considering new and enhanced services and future infrastructure investment requirements.

Sub-goal 3b: Pursue innovation in technology and service provision to deliver enhanced and more resilient and sustainable transport connectivity across the region.

Actions

› Future-proof regional vehicle infrastructure by developing electric and low carbon opportunities, ensuring that funding and delivery models are reflective of the challenges in rural parts of the Highlands and Islands. Ensure that the necessary skills are in place within the local supply chain to deliver and maintain infrastructure.

› Build on the success of the Sustainable Aviation Test Environment (SATE) project, to capitalise on emerging decarbonisation opportunities in the aviation sector positioning the region as an early adopter of new technologies for the movement of people and goods. Consider how the specification of public service obligations (PSOs) can be critical in the transition to the Highlands and Islands becoming a net zero aviation region.

› Widen the use and awareness of demand responsive transport (DRT), particularly for rural communities which currently have limited or no regular scheduled bus services, taking learning from projects such as Moray Council's m.connect DRT service using an app-based booking system.

› Widen understanding and application of hybrid and electric ferry operation within the region, building on existing and emerging investments.

Sub-goal 3c: Increase the level of access to high-speed connectivity across the region

Actions

› Maximise delivery of Scottish Government (R100) and UK Government (Project Gigabit) programmes to increase availability of high-speed connectivity to all parts of the region.

› Proactively encourage more private and public sector collaboration to develop better digital infrastructure across the region.

› Identify ways of facilitating access to affordable and fast internet connectivity in communities that are not in current rollout plans and enact these within a reasonable time frame.

Goal 4: Build resilience and competitiveness through place-based opportunities and stimulating an active culture of entrepreneurship and innovation

A place-based approach focusing on areas of opportunity and supporting clusters, recognises and builds on our regional competitive advantage. Enhancing entrepreneurship and encouraging business innovation builds resilience, increases productivity and results in more competitive businesses able to offer higher paying jobs. There are benefits from focusing on the untapped potential of under-represented groups such as women and young people.

Sub-goal 4a: Stimulate an entrepreneurial and innovation-active culture within the region

Actions

› Develop and facilitate new opportunities for peer-to-peer learning and networking across the region, and nationally/internationally through learning journeys, to support entrepreneurs in all stages of their journey.

› Consider regional campaigns and programmes to promote entrepreneurship in education.

› Increase regional alignment from external funding to increase effectiveness and efficiency of enterprise support and innovation.

› Build on the national innovation strategy to support opportunities where the region has a distinctive competitive advantage, increasing the number of spin outs, and extending the adoption and diffusion of innovation.

› Maximise the regional benefit of national innovation projects such as the National Manufacturing Institute Scotland (NMIS), enhancing their visibility, reach and impact across the region.

Sub-goal 4b: Support new opportunities to enable growth and resilience in our priority sectors

Actions

› Enable enterprises to capitalise on opportunities, especially from digital technology, international markets, and supporting the transition to net zero.

› Explore the benefits and delivery models for regional cluster approaches which are appropriate for the region's unique geography and can stimulate innovation to support our regional transformational opportunities.

› Ensure delivery of wider economic and community benefits to the visitor economy around the investment in growth deals. Seek to identify a pipeline of potential future strategic investments.

› Support key Gaelic speaking communities with interventions to promote socio-economic opportunities and enhance resilience.

European Marine Science Park Argyll. © Rachel Keenan/HIE

Goal 5: Maximise the economic and community benefits from renewable energy investments and drive the region's move to net zero and climate resilience/adaptation

The region is at the forefront of Scotland's transition to net zero, being home to much of Scotland's renewable energy resource and natural capital. Safeguarding and strategic use of this natural resource will generate long-term value, retained in the region, with actions to ensure that businesses, communities and individuals across the whole region benefit.

Sub-goal 5a: Maximising the economic and community benefits from renewable energy development

Actions

› Develop and implement common regional objectives and guiding principles to securing and distributing strategic community benefit funds at a local authority level. Support the scaling and growth of local supply chains through the aggregation of place-based demand/sharing of data, to ensure that existing businesses can pivot positively whilst also attracting new entrants to the market.

› Identify and fill capacity and capability gaps through targeted inward investment and diversification to capture benefits within the region.

› Secure investment in our ports and harbours and advocate for investment in other enabling infrastructure ensuring that the region can fully and robustly contribute to decarbonisation targets and maximise the regional benefit of doing so. Ensure that all investments are proactively screened for climate risks, both current and future.

› Support innovation and the development of new technologies such as marine energy technology and floating offshore wind, where the area has a natural advantage and opportunity to take a leading role.

› Seek to influence a regulatory, market and consenting framework that recognises the strategic importance of our region, supports all renewable energy sectors, reduces project delivery risks and increases private sector finance.

Sub-goal 5b: Work towards safeguarding and enhancing the region's natural capital

Actions

› Incorporating a natural capital approach to regional and local decision making by enhancing public awareness of its natural resources and understanding the risks and benefits of nature-based solutions e.g. flood management, coastal and marine management, naturalising watercourses, peatland restoration, native woodland protection and enhancement.

› Increase awareness of the existing natural capital of the region as a source of growth and build on existing work to identify ways in which local communities benefit from this investment.

› Place special emphasis on the restoration and conservation of local peatlands, and protecting, enhancing and creating extensive native woodlands. Championing this proactively enables the safeguarding the region's natural habitat and makes a major contribution to delivering our net zero ambition.

› Proactively anticipate and strategically plan for the possible impact on communities of flooding and rising sea levels. Where feasible, the use of innovative adaptation solutions which preserve communities and services should be prioritised.

Goal 6: Develop a coordinated response to skills and labour requirements across the region

Our region requires people with the right skills to realise regional opportunities and support the foundational economy. Understanding and responding to future skills and labour needs gives businesses confidence they can access the skills they need, enables effective provision of services and provides individuals with pathways to well-paid work and career fulfilment in the region.

Sub Goal 6a: Develop a shared understanding of labour and skills needs

Actions

› Develop and communicate a greater understanding of need and emerging economic opportunities through a shared evidence base developed to inform regional/local provision.

› Develop proposals to align investment in skills with socio economic need, prioritising agreed economic and foundational economy requirements, working with the skills system to respond. Our combined investment in post school skills should focus on both supporting skills development and economic growth.

Sub-goal 6b: Protect and build on the best of provision

Actions

› Maintain and expand the best of provision capitalising on growing the workforce in response to short and medium term employment opportunities and supporting workforce development.

› Support and grow the best of our academic pathways, reflecting regional/local strengths and opportunities.

› A greater commitment to work based learning in response to employer needs, resulting in greater access locally.

› Develop the current workforce through upskilling and reskilling, ensuring our people and businesses thrive.

› In response to the working age population challenge, changing nature of work and business models, focus our efforts in addressing need through work-based learning in a number of agreed priority sectors, important to the regional economy.

Sub-goal 6c: Workforce attraction and retention

Actions

› Commitment of regional partners to adopting work-based learning into workforce planning, providing a step change in opportunities across the region with the public sector to earn and learn.

› Develop proposals to build on existing strengths of partners, including FE/HE alumni, Graduate Apprenticeships and co-delivery of provision with industry to promote regional opportunities and attract talent.

› Work with UHI to ensure they are ably resourced to support the regional skills and education requirements (e.g. of the generational opportunities presented by the Green Freeport, offshore wind, and wider infrastructure investments, as well the potential development of a gateway programme to support recruitment in medical professions in remote and rural areas of the Highlands and Islands).

5. Delivering our strategy

DEVELOPING AN ACTION PLAN FOR DELIVERY

Our regional strategy will guide the collaborative work of HIREP, working to a ten-year timeframe with wider partners and stakeholders. Sitting alongside this strategy, a detailed delivery plan, refreshed every two years, sets out the key steps and the milestones to progress our goals and associated actions. It includes:

> Roles and responsibilities for the HIREP, officers' group and HIREP subgroups, aligned to the strategy's goals.

> The role of the regional intelligence hub in providing research, analysis and evaluation support to evidence the case for action and "measure" progress.

> The potential role that external investment may play in realising our collective goals.

> The role that advocacy will play – the HIREP as a powerful voice for the region, in discussion with governments and others.

MONITORING PERFORMANCE

We have identified a number of high-level indicators which, taken together, will demonstrate progress over the long term. These have been chosen to help support monitoring of our goals and actions and progress towards realising our vision. They will assist HIREP in understanding the region's progress in relation to the National Performance Framework. Complementing these will be further milestones and measures detailed in the two-year delivery plan.

	The region has a more balanced, growing and skilled population	Communities prosper and are more sustainable	GVA and average incomes are higher than national averages	Housing quality, affordability and availability supports population and economic growth	Businesses are more innovative, productive, resilient and adaptable	The region is well connected with good quality and secure services	The region is an international exemplar and has extended economic and community benefit from its transition to net zero
Increase in regional population	✓	✓					
Increase in working age population (16 - 64)	✓	✓					
Increase in those aged 16-64 with at least the equivalent of a higher national diploma qualification (SCQF level 8)	✓						
Access to services		✓				✓	
Community satisfaction – sense of belonging		✓					
Increased no. of enterprises with inclusive business models		✓			✓		
Increase in regional GVA			✓				
Increase in regional average incomes (relative to national averages)		✓	✓				
Increase in jobs paying above Real Living Wage			✓				
Decrease in second homes and vacant properties				✓			
No. of dwellings above a selected threshold of 'Housing quality'				✓			
Energy efficiency – No. of dwellings with environmental impact rating of C or above				✓			✓
Proportion of house completions (HIREP:Scotland)				✓			
Proportion of businesses which are innovation active					✓		
Increase in BERD and HERD					✓		
Increase in GVA per hour worked (or per FTE)					✓		
Business start-up / survival rates					✓		
Residents' satisfaction with public transport						✓	
Passenger journeys by region for local bus services						✓	
Access to full fibre broadband (residents and business)						✓	
Access to 5G mobile						✓	
Overall emissions declining by source (e.g. agri, land use, domestic...etc)							✓
Renewable energy generation (mega, giga watts)							✓
Developer contributions to community benefit re- offshore wind		✓					✓
Natural Capital Asset Index (NCAI) (monitors the quality and quantity of terrestrial habitats in Scotland)							✓

HIREP members

Argyll & Bute Council

Bòrd na Gàidhlig

Cairngorms National Park
Pàirc Nàiseanta a' Mhonaidh Ruaidh

Comhairle nan Eilean Siar

CROFTING COMMISSION
COIMISEAN NA CROITEARACHD

Crown Estate Scotland
Oighreachd a' Chrùin Alba

fsb

The Highland Council
Comhairle na Gàidhealtachd

HIE
Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

HITRANS

JGC

the moray council

NatureScot

North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

ORKNEY
ISLANDS COUNCIL

prosper

Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Skills Development Scotland

Shetland Islands Council

tsi MORAY

Voluntary Action Shetland

UHI

Visit Scotland