



**The role of Highlands and Islands Enterprise
in Community Development**

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Highlands and Islands Enterprise (HIE) is the Scottish Executive's economic and social development agency for the north and west of Scotland. HIE was established in 1991 in accordance with the provisions of the Enterprise and New Towns (Scotland) Act 1990. Its primary purposes are preparing, promoting, assisting and undertaking measures for the economic and social development of the Highlands and Islands, maintaining and enhancing skills and capacities relevant to employment, assisting people to establish themselves as self-employed and furthering improvement of the environment in the Highlands and Islands. This article sets out the HIE Network strategy, focuses in particular on HIE's strengthening communities remit and its delivery and also discusses areas where economic and social improvements are being brought about by the actions of HIE's Community Land Unit.

1. The HIE Network

HIE is a non-departmental body (NDPB) with a board appointed by Scottish Ministers. Until devolution in 1999 the board was appointed by the Secretary of State for Scotland, who remains a member of the UK Cabinet at Westminster. Scotland's devolved government has a budget of around £20 billion and a high degree of autonomy in all but reserved matters such as defence, international relations, and social security.

HIE built on the remit of the Highlands and Islands Development Board which was set up in 1965 and was one of the first regional development agencies in Europe. In 1991 additional responsibility for training and environmental renewal were added and a de-centralised network of Local Enterprise Companies (LECs) was established as a delivery mechanism for the agency. The 10 LECs are each responsible for a discrete geographic area with a locally appointed board made up of business and community interests. They are responsible for meeting the targets set in annual operating agreements with HIE. HIE in turn has to meet targets agreed with the Scottish Executive. Each LEC has a budget set according to a formula share devised by HIE to reflect the degree of need and opportunity in their area. Typically this means that spending per head which averages £217 across the region is over three times higher in the Western Isles (the most disadvantaged area) compared to Inverness and Nairn (the most prosperous). More recently in April 2002, HIE and its sister agency for the south of Scotland, Scottish Enterprise, also assumed responsibility for the all-age careers guidance network known as Careers Scotland.

In financial year 2001/02 HIE had an annual operating budget of £95.9m which is spent over its three main activities of Growing Businesses (£54.6m), Developing Skills (£17.2m) and Strengthening Communities (£5.8m). The remainder (£18.3m) is spent on management and administration. Under HIE's growing business objective the main areas of spend are Property, including the provision of office and factory space, and financial assistance to businesses such as grants, loans and shares. The main areas of spend under HIE's skills objectives are mainstream government programmes for vocational training for young people, and for the long term unemployed. The Strengthening Communities programmes include financial assistance for a wide variety of community-based projects including the development of assets such as village halls, and the acquisition of land for community purposes.

The Network employs a staff of around 650, including Careers Scotland. Almost 80% of HIE's budget comes from grants from the Scottish Executive, with the remainder made up of proceeds from the sale of assets such as equity held in assisted companies, land and property.

2. The HIE area

The HIE Network covers a land area of 51% of Scotland (39,911 square kilometres) with 9% (441,000) of its people. The area's population density of 11 persons per square kilometres is the lowest in the European Union with the exception of northern Sweden and northern Finland. The largest population centre in the region is Inverness (60,000), and there are only two other towns with more than 10,000 people. Slightly more 100,000 people live on around 90 inhabited islands, stretching from Arran in the south to the Shetland Isles in the north. The region is characterised by mountainous terrain, with the western seaboard marked by an indented coast with sea lochs.

The economy of the area is characterised by the importance of the service sector, notably, tourism, public administration and health. Agriculture, fishing, forestry and aquaculture, principally atlantic salmon, are key industries in the more rural parts of the area. In addition new employment opportunities have arisen in knowledge-based industries such as telecommunications (contact-centres), pharmaceuticals, and renewable energy. The area's economy has been successfully diversified over the past 10 years such that unemployment is around 3%, although it remains higher in some out-lying areas and also rises significantly in the winter

when tourism and construction are less active. Overall the population of the area has grown by almost 20% since the 1960s, but a declining and ageing population remain characteristic of peripheral areas such as the Western Isles, the Argyll Islands and Kintyre.

3. Smart Successful Scotland: the Highlands and Islands Dimension

HIE's latest strategy was launched in April 2002 and followed the publication of the Scottish Executive's strategy for the Enterprise Networks "Smart Successful Scotland" (Scottish Executive 2001). This emphasised three strategic objectives for Scottish Enterprise and HIE. They are Growing Businesses to create "a fast learning, high earning nation"; Global connections – emphasising telecommunications and physical transport; and Learning and Skills – every Scot ready for tomorrow's jobs. In addition Smart Successful Scotland noted that

"The HIE Network with its important social development remit, will continue to address the special difficulties of remote and sparsely populated areas through its strengthening communities objectives" (Scottish Executive, 2001: 7)

The remainder of this paper concentrates on HIE's strengthening communities objectives.

4. Strengthening Communities Objectives

HIE has three strategic objectives for its strengthening communities remit. It is important to note that the agency believes that all of its strategic objectives are inter-related. Strong communities are based on skilled and confident individuals who work in and run expanding businesses. In turn these businesses are reliant on first class global connections including transport and telecommunications.

The three strategic objectives are:

1. Investment in community assets and services – these include physical assets such as village halls, sports facilities and land, as well as services such as community shops or petrol stations, and transport services.

2. Developing community strengths, leadership and confidence – this objective relates to the need to build capacity within communities so that they can lead their own development. It recognises that leadership at the local level is key to the community development process. Activities under this objective focus on skills and confidence-building.

3. Enhancing the value of culture and heritage – the varying cultural influences and the high quality natural environment of the region are among its key assets. Activities under this objective include investment in Gaelic language and culture, arts development, including events and festivals, and community based environmental enhancement and footpath development.

5. Investment in Community assets and services

Under this strategic objective the HIE Network undertakes a number of different activities. The most important policy initiative of recent years has been the establishment of the Community Land Unit. Scotland has a feudal system of land tenure which means that large areas of land are owned by land-lords who have tenant farmers or small-holders. In the Highlands and Islands the latter are known as crofters and have their rights to land protected under various acts of parliament, the latest of which was the Crofting Act of 1976. The effect of a concentrated pattern of land ownership has been that local people have often felt that their attempts to undertake new activities or develop land have been frustrated. The election of a Labour government in 1997 led to the establishment of the Community Land Unit (CLU) by the new administration as a key part of HIE's strengthening communities group. The CLU provides technical assistance such as land valuations and business plans for open-membership community groups who seek to purchase land which comes on the market. Among the first groups to be assisted were communities on the Island of Eigg and the remote Knoydart peninsula, both in the Lochaber area of the western Highlands. These communities also received grant assistance from HIE towards their land acquisitions. Both communities purchased land from bankrupt absentee owners who had failed to invest in their land holdings over the periods of their ownership. Since these community buy-outs new investment has been made in housing and community facilities and new jobs created in tourism, construction and forestry and land management. Crucially new families have been attracted to these areas, and in the case of Knoydart, a community of only 60 people, six new births have taken place!

The CLU is also responsible for administering the £10 million Scottish Land Fund which is funded by the UK's National Lottery to grant aid communities who wish to purchase their land. The Scottish Parliament is about to pass a new Land Reform Bill which will strengthen the ability of communities to purchase land.

Under this objective HIE also provides grant assistance for a wide range of community projects such as investment in new village halls, and community amenities such as play areas for children and sports facilities. Typically for every £1 which HIE provides the community raises £5 from other sources such as local government and private trusts. A new programme which HIE is developing is the Community Energy Unit which like the CLU aims to help provide advice and funding for communities who are interested in pursuing renewable energy projects. This builds on the governments commitment to increase the contribution of renewable energy to Scotland's power needs from 8% to 20% by 2010. This means that local people will be able to benefit from regular income from renewable power generation such as hydro and wind power.

6. Developing Community strengths leadership and confidence

This objective reflects the view that for development to be sustainable it must be from the community. At the heart of this is the self-belief and confidence of the community. Where there is a history of out-migration and economic decline the need to re-build community confidence is fundamental to enabling the regeneration of that community. There are a number of programmes which the HIE Network uses, often in conjunction with partner bodies, to develop community self-confidence. The Initiative at the Edge programme, which HIE manages, on behalf of the Scottish government is one such example. This operates in eight of the most fragile island and remote communities in Scotland. These communities are helped to draw up their own development plans with a development officer who works for the community. In each area a partnership of local and national agencies works to help fund the projects which the community highlights in its plan. Recently HIE has developed some funds to each of these communities which they can use as they chose. Each community now has £10,000 which they can use to match other contributions. This is the start of a process known as community budgeting which is being introduced in parts of Scotland.

HIE's activity in these areas builds on the "bottom-up" approach of the European Union's LEADER programme which has run since the early 1990s. This programme reflected the EU's aim to see local communities at the heart of decision-making in rural development. Its philosophy closely matched that of HIE and the HIDB before it. Under the current EU transitional programme, the Highlands and Islands has a similar programme known as "Community Economic Development" or CED which follows a similar approach. The main emphasis is on the development of skills and abilities at the local level so that local people can lead their own development. A key component of this is leadership and often this can come down to one or two individuals in the community. The use of the internet is helping to deliver this sort of training and HIE has helped to fund projects such as www/communitytoolkit.org.uk which provides on-line guidance for groups who want to take forward their own projects. The voluntary sector also plays an important role in training and encouraging local people and so the HIE Network works closely with voluntary groups and bodies such as the Scottish Council for Voluntary Organisations.

7. Enhancing the Value of Culture and Heritage

Part of the process of building community confidence is ensuring people can make the most of their own culture and environment. HIE established an arms-length body Highlands and Islands Arts or HI-Arts in 1993 to take forward arts development in the region. Through HI-Arts and on its own HIE funds arts activities such as events and festivals which help to increase local people's understanding of their own cultural heritage and also appeal to visitors. An important aspect of the culture of the western Highlands and Islands is Gaelic language and culture. HIE also invests in activities which support Gaelic arts and culture including local festivals and training. The 2001 Census is expected to show there has been a decline in the number of Gaelic-speakers in Scotland from the 70,000 in the 1991 Census. There are signs, however, that more young people are speaking Gaelic and Gaelic-medium education is becoming increasingly popular, particularly in Gaelic areas such as Skye and the Outer Hebrides. In the Northern Islands of Shetland and Orkney, HIE also supports local events and activities based on these islands Norse heritage.

The environment is one of the HIE area's greatest assets and so community efforts to enhance the accessibility of the environment are also supported. These can include local interpretation

and signage and also footpath development. These sorts of facilities, like cultural activities are important for local people and visitors alike.

8. Conclusions

The rationale for HIE's Strengthening Communities activities is clear - for economic development to be self-sustaining it must come from within. This does not mean that policies which aim to attract inward investment are neglected but these must be complimentary to policies which aim to re-build community confidence and self-belief. HIE's strategy reflects the view that economic and social development must be pursued jointly for remote and fragile communities to survive in an increasingly competitive global economy. The investment undertaken through HIE's strengthening communities activities also has a direct economic impact. New halls create construction work, changes in land ownership unleash development potential in land which has been unused. The increase in interest in language and culture creates employment in tuition and increasingly in the music industry, sold and marketed over the internet. The investment in community facilities also makes remote places more attractive to young people and families who are the key to the future.

Does this approach have lessons for the Faroes? That is for the Faroese to determine, however, in many ways the Highlands and Islands are much closer than many Faroese and many Scots realise.