

SUBMISSION FROM HIGHLANDS AND ISLANDS ENTERPRISE

Introduction

Highlands and Islands Enterprise (HIE) is the economic and community development agency for an area covering more than half of Scotland's land mass stretching from Shetland in the north to the southern tip of Argyll and including almost 100 inhabited islands.

We are pleased to present our budget plans for 2013/14. This written evidence seeks to highlight how we have, and plan to invest to deliver the Government Economic Strategy. In particular, our budget plans reflect:

- a strong focus on our 4 priorities as set out in our 2012-15 Operating Plan, and performance measures
- the need to balance activities that respond to the current challenging economic environment in which our businesses, social enterprises and communities operate, with interventions that seek to capitalise on the significant opportunities in the region
- increased priority given to capital projects, including through "shovel ready" funds
- our efforts to become not only a more effective organisation, but also more efficient through reducing running costs
- our longer-term ambitions for the Highlands and Islands. As set out in our Operating Plan, by 2020, we aim to see a Highlands and Islands that is:
 - An international centre for marine renewables
 - A digital region
 - Home to more growth businesses operating in international markets
 - Recognised internationally for digital healthcare and marine science expertise
 - Characterised by dynamic, sustainable communities
 - A globally-connected region
 - An attractive region for young people.

Our budget plans are indicative at this stage, and subject to HIE Board approval in due course.

HIE organises its activities around four complementary priorities:

- Supporting businesses and social enterprises to shape and realise their growth potential
- Strengthening communities and fragile areas
- Developing growth sectors, particularly distinctive regional opportunities
- Creating the conditions for a competitive and low carbon region.

The following sections set out in more detail the interventions HIE has and will take to generate sustainable economic growth. Appendix 1 maps out the way in which

HIE's interventions impact on the National Outcomes as set out in the National Performance Framework.

Operating Plan Priorities

1. Supporting businesses and social enterprises to shape and realise their growth potential

Businesses and social enterprises with the drive and ambition to grow are key to future prosperity. HIE account management supports clients to achieve their goals. During 2011/12 we expanded our account managed portfolio by 20% (to over 600), while also assisting non-account managed organisations. Our support will deliver a forecast increase in turnover in supported businesses of over £100m within the next three years, and the creation or retention of over 1,400 jobs. In partnership with SDI, over 110 businesses were assisted to develop international trade activity which will generate an additional £44m of annual sales within three years. In addition to supporting businesses already active in the region, significant inward investment was secured with support from Regional Selective Assistance, which will create over 400 jobs.

Business support has also been integral to our effort to address areas such as Moray following the RAF withdrawal from Kinloss. Since April 2011, HIE has approved £9.8m of funding towards projects totalling £36.7m, which will create over 640 jobs over a 3 year period. Medical diagnostics firm Accunostics secured £4m for its growth and selected Forres as a base for its life sciences business, while international business services company Atos announced its move to Moray, creating 50 high value jobs initially. HIE also supported training for 140 new employees announced by Capita, invested to create 110 new jobs in a food manufacturing business, and helped family run manufacturing business Forsyths Ltd undertake its largest ever investment which will see growth in the firm's international presence.

In response to the current economic climate, HIE is monitoring its account management portfolio closely. The most significant impacts are achieved from a small number of companies, however HIE's approach is to ensure that companies with growth potential retain resilience during this period, if not actively in 'growth mode', ie implementing investment plans. This is seen as a key opportunity to use tools such as strategy workshops to review business plans and ensure businesses are ready for growth at the appropriate point.

As access to finance remains a challenge to businesses, particularly in some sectors, we have increased our engagement with banks. In response to business intelligence through account managers, we are reviewing ways of supporting working capital which is causing stress in some sectors.

Discussions are advanced on the potential for an 'Entrepreneurial Spark' initiative in the Highlands and Islands as part of our programme of increasing a culture of entrepreneurship and identifying new potential high growth business for future account management. In relation to the latter point, we are also working closely with H&I Business Gateway.

Support for businesses and social enterprises will remain a top priority in 2013/14. Recent research undertaken by HIE has found that businesses and social enterprises across the region remain optimistic and have plans to invest and expand in the coming year, despite the current economic situation. 74% of respondents are optimistic about their prospects over the next 12-months; 72% anticipate growth in the next 12-months, and 73% have tried to recruit staff in the past year. It is our job to help them realise their aspirations.

We anticipate approximately £12m of our budget in 2013/14 being allocated to this priority. This will cover a range of interventions including financial investment, internationalisation support, graduate placements, innovation and advisory services. Following positive evaluations, we will continue to give focus to leadership and entrepreneurship development through programmes with the Institute of Directors and via our strategic partnership with Massachusetts Institute of Technology (MIT). In addition, and with a strong pipeline of enquiries, we will also seek further inward investment to the region.

2. Strengthening communities and fragile areas

HIE's remit specifically recognises that sustainable economic growth is built on the foundations of strong communities, particularly in more peripheral and sparsely populated areas. Instilling a sense of resilience within these communities and fostering population growth lie at the heart of HIE's efforts. We have extended our account management approach beyond business clients, to encompass whole communities – Community Account Management - an innovative approach which has attracted EU investment into the region and is delivering success in some of our most fragile areas.

A good example of HIE intervention and support in a fragile and rural community is Lochaline where we have worked with Morvern Community Development Company to develop a growth plan for the community. As part of this we have supported installation of new marina leisure facilities and the recent opening of the West Highland quarry Lochaline Quartz Sand Ltd, where HIE grant assistance has led to the creation of 11 new jobs in a rural community which has a population of approximately 300.

During 2011/12, we helped 50 communities in fragile areas to plan for a sustainable future; extended our portfolio of account managed social enterprises to 144; supported the Social Enterprise Academy to deliver leadership training to 178 learners; and assisted 27 projects through the community renewable energy support programme delivered by Community Energy Scotland. Our multi-million pound Connected Communities broadband network in the Outer Hebrides now serves over 1,850 business and residential subscribers, as well as providers of healthcare, education and housing.

Over the next year we will focus on supporting community-led development including support for community ownership of income generating assets, increasing our focus on fragile areas and support arts and culture including the promotion of gaelic as an economic and social asset. We will also partner with Big Lottery in delivery of the new Scottish Land Fund, and lead on the roll out of Community Broadband Scotland.

3. Developing growth sectors, particularly distinctive regional opportunities

HIE's efforts to develop growth sectors are built around three areas; support for businesses and social enterprises to deliver their aspirations; specialist programmes and interventions to create the conditions for strong sectoral growth; and influencing sectoral and public policy within Scotland, the UK and Europe. Strategic investments by HIE are fully aligned with GES in helping accelerate growth in sectors of the economy that have the potential to generate significant numbers of new, high paying jobs in the future.

During 2011/12 we progressed a range of sectoral projects, many of which will continue into 2013/14. For example, within the energy sector we supported the implementation of the National Renewables Infrastructure Plan, through investments in multi-million pound projects at Scrabster, Nigg, Machrihanish, Arnish and Kirkwall. The Nigg Skills Academy was established by Global Energy Group with support from HIE, Skills Development Scotland and the Scottish Funding Council to help meet the skills needs of the energy sector and will train c300 people a year.

In Financial and Business Services, the combined efforts of HIE and SDI generated a high level of new investment (and jobs) including ATOS, Capita, Vertex and Citizens Advice Direct, the latter a social enterprise, which we helped to establish a new contact centre in the Outer Hebrides. Recent investments in the tourism sector include the SailWest project which attracted significant EU investment and is expected to create 100 jobs in Argyll and the West Highlands. We also assisted the completion of two premium hotel developments at Campbeltown in Kintyre and the implementation of the first phase of the ambitious John O'Groats masterplan in Caithness. Both the Campbeltown and John O'Groats projects will make a major and lasting contribution to the regeneration of these communities.

The Highlands and Islands is home to Scotland's largest Life Sciences business, LifeScan Scotland, which employs more than 1,200 in Inverness. In June 2012, it was announced that Lifescan would carry out all worldwide blood glucose monitoring research and development. This £11million project, supported by HIE investment, will create new high-value jobs in the Inverness area.

We will continue to focus in 2013/14 and beyond, on regional opportunities in the seven growth sectors in GES. Much of our support will be through individual businesses across the sectors through account management and supply chain initiatives, eg approximately 120 food and drink businesses will be account managed, and over 300 businesses in the creative industries will be supported either directly or through HIE-funded trade networks. Sectoral growth will also be supported through continued efforts on inward investment. In some sectors we will take forward specific projects that have the potential to realise regional benefits. For example:

- We will build on the opportunities in energy through further investment in infrastructure and in pursuit of wider opportunities, particularly in renewables, but recognising the growth in oil and gas, and decommissioning.

- Reflecting the growth in life sciences, and opportunities in diagnostics and digital health, we will support developments such as The Alexander Graham Bell Centre in Elgin, a collaboration between HIE, Moray College UHI and NHS Grampian; at Inverness Campus and Enterprise Park Forres, the latter two having life science enterprise area designation. A £9.5m infrastructure development package is already in place to develop the Forres site.
- The European Marine Science Park at Dunstaffnage, near Oban, will be completed to capitalise on our world class marine resource and the presence of the internationally regarded Scottish Association for Marine Science to generate new commercial opportunities and support high quality employment in Argyll.

4. Creating the conditions for a competitive and low carbon region

HIE plays a leading role in developing the conditions which will enable the Highlands and Islands to fulfil its potential as a globally competitive region with a thriving, low carbon economy. Enabling the Highlands and Islands to become a digital region is a top priority. We are well through the process of negotiation with BT to attract private sector co-investment which will secure the provision of superfast broadband right across the region, delivering this vital, enabling technology well beyond the communities which a telecoms provider would judge commercially viable. At the same time, we recognise that being a digital region is not just about physical infrastructure. It is also essential that businesses and communities acquire the skills and knowledge to secure the benefits that can be achieved through improved connectivity and we are providing specialist support to businesses through the ICT Engagement Programme.

Provision of modern infrastructure to attract growth businesses and facilitate sectoral development remains an important function. Seven of Scotland's fourteen Enterprise Area sites are within the Highlands and Islands and HIE is working with landowners, developers and local authorities, and taking forward projects at our own hand to accelerate investments and prepare these strategic sites for development. Progress to date includes commencement of construction work at Inverness Campus, construction of new business units at Enterprise Park Forres for life sciences investors and completion of six units in Hatston, Orkney, for marine energy developers.

Transport connections are of critical importance to long term growth and impact considerably on the perceptions of the region. We supported the introduction of the Inverness to Amsterdam air route in September 2011, as a means of connecting the Highlands with one of the world's major international transport hubs. Over the past year around 25,000 passengers used the route and its appeal has been further enhanced by the introduction of a code-share arrangement between operator Flybe and KLM, allowing passengers to check-in at Inverness for destinations worldwide. We are contributing to a national framework on international aviation connections, and work closely with Transport Scotland.

The Government's target for decarbonising the Scottish economy presents perhaps the most significant economic opportunity for the Highlands and Islands

since the development of the North Sea oil industry in the 1970s. The 2020 Renewable Roadmap suggests that the renewables industry could provide over 40,000 jobs and £30bn of investment across Scotland, with £6bn needed to meet the ambitious target of 800MW of wave and tidal power alone, all of which is in waters around the Highlands and Islands. HIE recognises that the Energy and Low Carbon sector will be a key driver for Scotland's economy, and a sector that can bring substantial community benefit across the Highlands and Islands.

Success in the Energy and Low Carbon sector will require significant investment in Infrastructure, a major focus on skills, supply chain development, targeted inward investment and strong partnership working. The long term output of this approach will be a self-supporting low carbon cluster, based around ocean renewable energy, with a significant presence right across the Highlands and Islands, incorporating research, design, testing, manufacturing, fabrication, deployment, production, operations and maintenance, with a strong associated supply chain.

HIE will continue to play a leading role in developing the conditions which will enable the Highlands and Islands to fulfil its potential as a globally competitive region with a thriving, low carbon economy. During 2013/14, we will continue to focus on the Highlands and Islands as a digital region and take forward property developments that support businesses and sector growth.

Financial Overview

Highlands & Islands Enterprise's financial position, as currently projected, is outlined below. This highlights the current actual budget for 2012/13 compared with the original Operating Plan projections for both 2012/13 and 2013/14.

Key points to note are as follows:

- **Grant in Aid (GIA) Income.** HIE has been successful in attracting £15.5m of additional capital in 2012/13 with a further £2m in 2013/14 for Shovel ready projects to support developments in Forres, Stornoway and Inverness relating to life sciences, business services and energy related infrastructure projects. Investment in Business Growth, Key Sectors and Competitive Region have consequently benefited by a similar amount. Additional possible allocations for energy related projects are currently under discussion with the Scottish Government which could augment this further.
- **Annual Managed Expenditure (AME),** non cash, allocation. The absence of this budget in 2012/13 reflects the fact that HIE had not moved to an AME allocation at the time the operating plan was developed and this was originally prepared under the previous Resource Based accounting basis.
- **Capital Receipts.** These comprise mainly property sales and in the current financial market these are increasingly challenging with access to finance being a key issue for prospective purchasers. The target for 2013/14 will require to be reviewed ahead of finalising the actual budget in April 2013.

- **Operating Costs.** Since 2009/10 operating costs have reduced from £17.5m to £15.1m for 2012/13, representing a reduction of 14% whilst also absorbing inflationary pressures. HIE plan to reduce these further in 2013/14 to £14.9m. Savings in the current year have achieved through a rationalisation of accommodation and associated administration costs together with an outsourcing of IT services. These plans will continue, but are becoming increasingly more challenging to identify and deliver.

The projected financial position currently is detailed in the following table:

	2013/14 Draft Budget £k	2012/13 Actual Budget £k	2012/13 Op Plan Budget £k
Income			
Grant-in-aid	50.4	62.3	48.4
Ring fenced DEL	12.7	12.7	12.7
EU income	5.0	5.0	5.0
Capital receipts	4.0	3.5	3.5
Revenue receipts	5.8	6.0	6.0
Total	77.9	89.5	75.6
Annually managed expenditure	10.5	10.5	-
Total budget income	88.4	100.0	75.6
Expenditure			
Businesses & Soc Enterprises	12.0	12.4	10.0
Strengthening Communities	7.5	7.5	7.5
Developing Key Sectors	12.0	14.0	11.5
Competitive Region	14.3	23.1	14.1
Development support	4.5	4.7	4.7
Non-cash resource	12.7	12.7	12.7
Operating costs	14.9	15.1	15.1
Total	77.9	89.5	75.6
Annually managed expenditure	10.5	10.5	-
Total budget Expenditure	88.4	100.0	75.6

Capital & Revenue Expenditure

In 2011/12 the Committee expressed a specific interest in capital spend and revenue to capital virements in particular. It is useful to recall that HIE's Block A budget is discretionary and therefore virement from revenue and capital does not carry the same impact that it may do in other public sector organisations. Indeed, it is important that HIE retains the flexibility and discretion in these budget headings to meet the financial needs of our clients which can be either capital or revenue in nature. In order to do this successfully, the HIE Operating Plan established a revenue to capital virement range as part of its plan.

In order to keep the Committee informed on revenue to capital virement and the flexibility HIE has had to deploy in supporting economic development across the

Highlands & Islands, the table below sets out the capital spend information over a similar timeframe to the budget information above.

The capital expenditure position currently projected is as follows. Please note that all figures represent thousands of pounds:

Capital Spend projection is 29.8 in the 2013/14 Draft Budget, 43.8 in the 2012/13 Actual Budget and 29.9 in the 2012/13 Op Plan Budget.

Capital Receipts Offset is 4.0 in the 2013/14 Draft Budget, 3.5 in the 2012/13 Actual Budget and 3.5 in the 2012/13 Op Plan Budget.

Net Capital Spend is 25.8 in the 2013/14 Draft Budget, 40.3 in the 2012/13 Actual Budget and 26.4 in the 2012/13 Op Plan Budget.

Capital Funding Target from Grant In Aid is 7.8, 33.6 in the 2012/13 Actual Budget and 18.1 in the 2012/13 Op Plan Budget.

Anticipated Revenue Virement to Capital is 18.0 in the 2013/14 Draft Budget, 6.7 in the 2012/13 Actual Budget and 8.3 in the 2012/13 Op Plan Budget.

Agreed Revenue to Capital Virement Range is 13.0 to 23.0 in the 2013/14 Draft Budget, 1.7 to 11.7 in the 2012/13 Actual Budget and 3.3 to 13.3 in the 2012/13 Op Plan Budget.

Key points to note in relation to capital and revenue issues are as follows;

- The revenue to capital virements undertaken and planned remain within the range established for the operating plan.
- The capital target in 2012/13 is higher than that of the budget for 2012/13 and planned for 2013/14 due to the impact of the Shovel Ready allocation and the Beechwood Campus projects respectively
- The budget figure for 2013/14 is subject to potential significant change resulting from HIE's successful application for Broadband Funding of £120m. The specific allocation and timing of this investment is still under negotiation.

It should be noted that these remain indicative and are liable to change depending upon the nature and the timing of the investment demand which HIE has to react to from both private and social enterprises in fulfilling its ambitions to deliver economic growth across the Highlands & Islands.

Conclusions

While challenging economic conditions persist across most of the developed world; the Highlands and Islands continues to offer considerable opportunities for sustainable economic growth, with particularly strong potential in vital national sectors, including energy, life sciences, financial and business services, and creative industries. HIE is enabling ambitious businesses and communities to generate jobs and prosperity across the region and maximising sustainability through long-term infrastructure investments including superfast broadband. HIE is leading efforts,

working in close alignment with national and regional bodies to capitalise on these opportunities and ensure the Highlands and Islands make an invaluable impact on future growth and prosperity at national level.

Appendix 1 below sets out the way in which HIE's interventions impact on the National Outcomes as set out in the National Performance Framework

National Outcome 1

We live in a Scotland that is the most attractive place for doing business in Europe

HIE focus

- Regionally significant investments
- Bespoke property
- Growth sector development
- Connectivity
- Attraction of new investment

HIE contribution

Principal Measures:

- Population growth
- GVA growth

Support Measures:

- Broadband coverage
- Established research specialisms (UHI)
- Supply of graduates to the labour market (UHI)
- No of mobile investment projects attracted.

With greater global competition for ideas, investment and people, building sustainable growth requires increased performance across the economy. We need to achieve success at two levels – through regional drivers, and through improving the growth of the area's individual economies with their different challenges and opportunities. In developing a globally attractive Highlands and Islands, HIE will focus on issues of regionally significant investments, developing the University of the Highlands and Islands and capitalising on the comparative advantages of the growth sectors. Through targeted marketing activity with SDI, we will lever these economic advantages to attract high value mobile investment and as a result, grow employment, productivity and GVA. New sources of investment will be sought to make the region's infrastructure as modern and competitive as possible

National Outcome 2

We realise our full economic potential with more and better employment opportunities for our people

HIE focus

- Growth businesses
- Effective partnership working
- Employment area actions

HIE contribution

Principal Measure:

- GVA growth

Support Measures:

- No of account managed business supported to implement growth plans
- Productivity improvements

- Proportion of growth generated through exports
- No of jobs supported
- Average wage of jobs supported.

HIE recognises the pivotal role of significant and high-growth businesses in fuelling the economic growth required to meet the GES targets. Our focus for 2012 and beyond will be to provide support to our account managed businesses to accelerate private sector led business investment. Our support will focus on fostering innovation and enterprise; creating wealth through increased quality of jobs as well as increased employment in real terms; improved productivity and efficiency; increased internationalism and a measured impact on GVA. We will maintain close working relations with other public sector partners to ensure maximum benefit both to client businesses and to the region. The number of businesses in our account managed portfolio is indicative only and we will continue to recruit businesses whose ambitions are to pursue significant growth, whilst ensuring a balance of distribution of client businesses across the different economies that make up the Highlands and Islands.

National Outcome 3

We are better educated, more skilled and more successful, renowned for our research and innovation.

HIE focus

- Development of a strong research capacity underpinning knowledge-based growth sectors
- Growth of number of HE students including international
- Higher levels of knowledge transfer between business and academia
- Increased levels of innovation amongst businesses leading to commercialisation/spin outs(ins)

HIE contribution

Support Measures:

- No of graduates working in the economy
- RAE ranking and value of RAE research grants to the region
- No of technology transfer projects from UHI
- No of spin-out businesses from university research projects
- Value of investment in private sector R&D projects

UHI's potential contribution to the Highlands and Islands is of regional significance. HIE's focus is to support the development of a high-quality institution, distinctive in its form as a higher education provider with a strong research capacity. Additionally, the development of the wider universities sector will augment the impact of UHI by bringing new and relevant knowledge to the region to underpin our knowledge based growth sectors. The development of a renowned life sciences sector will require strong collaboration with a range of universities

National Outcome 4

Our young people are successful learners, confident individuals, effective contributors and responsible citizens.

HIE focus

- Access to learning
- Enterprise education
- Science Technology Engineering Mathematics Initiative
- Implement findings of youth migration research
- Community capacity building

HIE contribution

Principal Measure:

- No of degrees awarded by UHI

Support Measure:

- No of graduate placements supported by HIE

Creating the conditions and essential prospects to enable young people to realise their full potential is dependent on deployment of our regional development and strengthening communities activities in concert. HIE's support for creating stronger, more dynamic and sustainable communities is critical to our contribution to this outcome

National Outcome 5 Support

Our children have the best start in life and are ready to succeed

HIE focus

- Access to childcare

HIE contribution

Support measure

- No of Social Enterprises supported

Improving access to childcare in remote communities helps create employment and enables more people to become economically active. HIE supports a number of social enterprises working in this area, concentrating on their business development needs

National Outcome 6 Support

We live longer, healthier lives

HIE focus

- Health science research and development
- Provision of sports / recreation facilities, especially in fragile areas

HIE contribution

Principal Measure:

- No of health related research papers from CfHS

Support Measure:

- No of sport / recreation facilities supported

HIE makes a support contribution to this outcome through investment in projects such as the Centre for Health Science and the Centre for Rural Health which, through research into remote and rural health issues, aim to improve healthcare provision across the Highlands and Islands. We are also aiming to develop the

region's considerable potential to pioneer digital healthcare in the next few years. Whilst our rationale for support is principally focussed on the economic and sectoral development benefits of these innovative projects, the potential downstream health and social benefits are directly aligned with GES. In addition, our vision for Inverness Campus, and aspects of HIE's Strengthening Communities remit make a support contribution, through provision of sports and recreational facilities

National Outcome 7

We have tackled the significant inequalities in Scottish society

HIE focus

- Fragile areas
- Employment action areas
- Equality and diversity

HIE contribution

Principal Measure:

- Proportion of investment in fragile and employment action areas
- No of social enterprises providing employment opportunities for those furthest from the labour market

To improve cohesion we will continue to support projects in the less prosperous parts of our area to ensure balanced development across the entire Highlands and Islands. To improve solidarity, we will work to reduce inequality by promoting our services to the most disadvantaged and peripheral communities and to those who are disadvantaged within communities. There is no single answer to the low earnings challenge facing many parts of the region, but we will continue to focus on expansion of employment opportunities in higher-paying economic activities and on stimulating the growth of social enterprises

National Outcome 10 Support

We live in well-designed, sustainable places where we are able to access the amenities and services we need

HIE focus

- Community account management
- Support for social enterprise
- Community assets, including delivery of the Scottish Land Fund

HIE contribution

Principal Measures:

- Population growth

Support Measures:

- No of account managed communities supported to implement growth plans
- No of account managed social enterprises supported to implement growth plans

The development of dynamic, creative and attractive places is central to the achievement of our ambitions for population growth. Community-based organisations have an important role in achieving this by providing enhanced infrastructure and improved services. Asset-based community development is a key

component of this process, improving local amenities, enhancing quality of life and reducing grant dependency through income generation

National Outcome 11

We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others

HIE focus

- Community Account Management
- Crofting community development
- Equality and diversity

HIE contribution

Principal Measure:

- Increase in turnover in the social economy

Support Measures:

- No of small businesses supported in fragile areas
- No of crofting communities supported
- No of hate incidents reported

HIE's approach to development in our fragile areas seeks to deliver stronger demographic structures, increased community capacity, sustainable community revenue streams and enhanced participation in development, employment, social and cultural activity. We will work with client groups to support the growth of social enterprises, thereby increasing turnover in the social economy; support the implementation of community growth plans; and in fragile areas, selectively assist small businesses to implement development projects which demonstrate sufficient benefit to the client business, whilst making a contribution to wider community wellbeing. HIE will also encourage and assist projects supporting non-traditional working practices and more generally promote an inclusive culture which welcomes people into our communities and encourages diversity

National Outcome 12

We value and enjoy our built and natural environment and protect it and enhance it for future generations

HIE focus

- Sustainable construction policy
- Crofting community development
- Community land management

HIE contribution

Principal Measure:

- BREEAM score for new buildings

Support Measures:

- No of environmental land management projects supported
- No of community owned renewable energy projects supported

Delivery of HIE's growth objectives is in the context of sustainable development. Our efforts will be environmentally responsible and appropriate to the needs of the

communities of the Highlands and Islands as we seek to leave a legacy for future generations. Construction projects to support business growth and transformational projects are governed by a sustainable construction policy. HIE continues to support Community Energy Scotland to assist communities to develop community-owned renewable energy projects

National Outcome 13

We take pride in a strong, fair and inclusive national identity

HIE focus

- Arts and cultural development
- Gaelic language
- Population growth
- Equality and diversity

HIE contribution

Principal Measure:

- Population growth

Support Measures:

- No of cultural social enterprises supported
- Diversity of population base

Investment in community-based arts and cultural activity has contributed to the growth of the Highlands and Islands as an attractive and distinctive region and we will continue to assist the development of dynamic, creative places, utilising the area's unique environmental and cultural assets. HIE will work with partners to bring forward new Gaelic developments which contribute to the National Gaelic Plan targets. HIE will implement our Gaelic plan with an emphasis on realising the potential commercial and business elements of the language and a focus on fragile areas and crofting communities. HIE will also develop a framework of community engagement which will ensure that all sectors of the population feel part of a diverse and inclusive culture

National Outcome 14 Support

We reduce the local and global environmental impact of our consumption and production

HIE focus

- Development of renewable energy sector
- Low carbon economy
- Resource efficiency

HIE contribution

Principal Measure:

- GVA growth from renewables sector

Support Measures:

- No of carbon reduction projects supported

Development of the renewable energy sector continues to be a priority for HIE, not only in terms of the immediate economic growth opportunities it presents, but the longer term potential for contributing significantly to reducing global reliance on fossil

fuels. Considerations of economic, social and environmental aspects of sustainability are integral to our investment decisions, both in terms of projects at our own hand and support for business and community led developments. These considerations underpin HIE's policy to protect our unique natural environment. Our enterprise programme activity includes advice and support to businesses, social enterprises and whole communities to encourage consideration of low carbon production processes, energy efficiency and waste minimisation

National Outcome 16 Support

Our public services are high quality, continually improving, efficient and responsive to local people's needs

HIE focus

- Business improvement
- Benefits realisation
- Business systems development
- Social enterprise

HIE contribution

Principal Measure:

- Evaluation evidence

Support Measures:

- Cash releasing efficiency savings

To maximise the effectiveness of public sector activity HIE will work closely with stakeholders and partner organisations on areas where strategic and collaborative partnership working will deliver mutually beneficial outcomes. HIE will play an active role in various national, regional and local fora, including the Strategic Forum, National Economic Forum, Convention of the Highlands and Islands and the Caithness and North Sutherland Partnership. The organisation is committed to continually reviewing how it delivers its activities and services to ensure that Best Value is achieved. A business improvement team operates within the organisation to ensure we develop, share and adopt best practice across all of our functions. In addition, HIE will work with social enterprises, building capacity for the delivery of public services through new mechanisms in areas such as care, recycling and community transport.