



# Highlands and Islands Talent Attraction, Retention and Return Strategy and Action Plan

FINAL Report for Highlands and Islands Enterprise  
November 2016

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# Contents

<b>1. INTRODUCTION</b>	<b>1</b>
1.1 BACKGROUND	2
1.2 RESEARCH OBJECTIVES	3
1.3 STUDY METHOD	4
1.4 REPORT STRUCTURE	4
<b>2. POLICY LANDSCAPE</b>	<b>5</b>
2.1 INTRODUCTION	5
2.2 TALENT ATTRACTION POLICY AND RESEARCH	8
2.3 SUMMARY OF THE POLICY LANDSCAPE	16
<b>3. THE HIGHLANDS AND ISLANDS TALENT POOL</b>	<b>18</b>
3.1 INTRODUCTION	18
3.2 THE TALENT POOL	18
3.3 TALENT DEVELOPMENT INFRASTRUCTURE	23
3.4 SUMMARY OF KEY ISSUES	29
<b>4. ENGAGING STAKEHOLDERS</b>	<b>31</b>
4.1 INTRODUCTION	31
4.2 IMPORTANCE OF TALENT ATTRACTION FOR HIGHLANDS & ISLANDS	31
4.3 OVERVIEW OF TALENT ATTRACTION ISSUE	32
4.4 KEY SECTORS	34
4.5 ROUTES TO EDUCATION AND TRAINING	35
4.6 ROUTES TO GROWTH	36
4.7 THE DIGITAL SECTOR	37
4.8 NOT JUST A SKILLS ISSUE	38
4.9 PERCEPTIONS AND MARKETING	39
4.10 REGIONAL/ SUB-REGIONAL APPROACHES	40
4.11 A PARTNERSHIP APPROACH	41
4.12 MAKING THE HIGHLANDS AND ISLANDS YOUTH FRIENDLY	41
4.13 A COUNTERFACTUAL	42
4.14 POSSIBLE RESPONSES	43
<b>5. STRATEGIC THEMES AND ACTION PLAN</b>	<b>44</b>
5.1 STRATEGIC OBJECTIVES	44
5.2 GOVERNANCE	44
5.3 WORKSTREAMS AND ACTION PLAN	46
5.4 ADDITIONAL COMMENTS FROM KEY STAKEHOLDERS	47
5.5 NEXT STEPS	47
<b>APPENDIX A: GOOD PRACTICE CASE STUDIES</b>	<b>54</b>
<b>APPENDIX B: LIST OF ORGANISATIONS CONSULTED</b>	<b>57</b>

## 1. Introduction

This report has been commissioned by Highlands and Islands Enterprise (HIE) to develop a Highlands and Islands Regional Strategy and Action Plan to address the issue of talent attraction. In this context, the use of the term ‘talent attraction’ also encompasses retention in, and return to, the Highlands and Islands.

Since this report was commissioned we have had the vote for the UK to leave the EU. – Brexit. This will have some implications for the Talent Attraction, Retention and Return Strategy. At this time it is not clear the potential detailed consequences or impact of this decision as much is subject to future negotiations. However, recent data show the potential vulnerability the UK is in some sectors where there are high shares of migrant labour.

Data show that there are some sectors who are particularly reliant on migrant labour most of whom have particular resonance in the Highlands and Islands with food and drink and hospitality at 38% and 28% respectively. Other sectors with high reliance on migrant labour include: energy, construction, health and social care – all crucial for a successful Highlands and Islands.

Recent announcements have also highlighted the issue for the FE/HE sector in terms of students, teaching staff and research income. We will not know how this will all evolve in the longer term and it is not clear how the Scottish Government intends to respond.

At this stage there is not much the key Skills Partners are able to do but it would seem appropriate to perhaps better understand the scale and nature of the issue and begin to develop some contingency plans.

While there is much activity already being delivered to support the talent attraction agenda across the Highlands and Islands, much of this is delivered in isolation and at a local level and a key purpose of this strategy and action plan is to provide a strategic regional context and a focus around which all stakeholders can co-ordinated, further develop and deliver actions<sup>1</sup>.

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<sup>1</sup> Note: for consistency, we have used the data provided in the SDS Highlands and Islands Skills Assessment.

## 1.1 Background

The Highlands and Islands (H&I) spans a region made up of six local authorities: Argyll and Bute, Highlands, Moray, Orkney, Shetland and the Western Isles whilst also encompassing the Isle of Arran and Isle of Cumbrae in North Ayrshire. It is home to a population of just less than 500,000 people. With an employment of c.223,000 and business base of c.26,400, the region generates £8,470 m in gross value added (GVA) for the Scottish economy<sup>2</sup>.

Scotland's Economic Strategy<sup>3</sup> identifies four I's for an inclusive growth and reduction of inequalities. These are:

- **investing** in people and infrastructure in a sustainable way;
- fostering a culture of **innovation** and research and development;
- promoting **inclusive growth** and creating opportunity through a fair and inclusive jobs market and regional cohesion; and
- promoting Scotland on the **international** stage to boost our trade and investment, influence and networks

Skills is a cross-cutting theme which will both drive and enable progress across all priorities. Recognising this, HIE, in partnership with Skills Development Scotland (SDS) and the Scottish Funding Council (SFC) have worked closely to develop a Highlands and Islands Skills Investment Plan (H&I SIP).

The H&I SIP recognised that while action on skills is important, this must be matched by action to attract people to the Highlands and Islands, reflecting the current high employment rates, demographic challenges and high levels of out-migration and is identified as Key Theme 4: Attracting People to the Region.

In recent months, Scottish Government published the Labour Market Strategy<sup>4</sup>. The Strategy emphasises the importance of a skilled and talented workforce as an enabler for economic growth.

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<sup>2</sup> Highlands and Islands Skills Assessment 2016

<sup>3</sup> Scotland's Economic Strategy, March 2015

<sup>4</sup> Labour Market Strategy, August 2016

The Strategy highlights the importance of attracting people to live and work in Scotland as well as supporting returners to work or those older individuals that wish to continue working.

A range of objectives and initiatives will therefore be required to ensure the labour market is able to take advantage of employment and business opportunities.

The development of a Highlands and Islands Regional Talent Attraction Strategy and Action Plan is very much aligned to both national economic development and skills development policy so much so the creation of a regional approach is a key objective of the H&I SIP.

**It is important that the Highlands and Islands Regional Talent Attraction Strategy and Action Plan is viewed alongside the other strategies and initiatives being delivered in the region and/or sub-regions.**

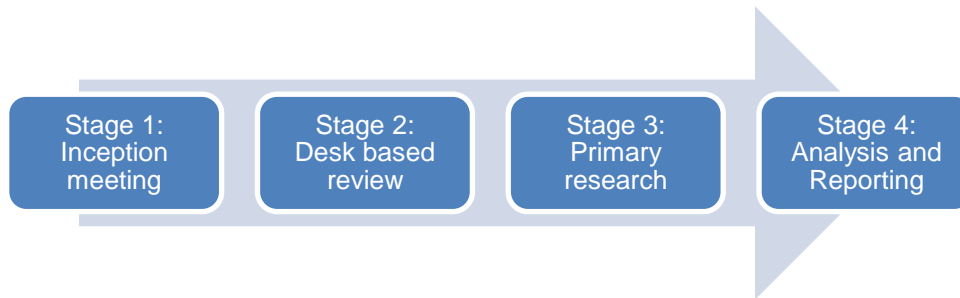
## 1.2 Research Objectives

The overarching objective of the study was to develop a Highlands and Islands Regional Talent Attraction Strategy and Action Plan. The brief detailed a number of factors for the report to cover. These were:

- an understanding of the talent attraction cycle including push and pull factors;
- a regional Talent Attraction plan involving:
  - talent attraction
  - talent reception, integration and reputation
  - talent retention;
- an understanding that skilled mobile individuals are influenced by a number of factors;
- condition based attraction i.e. H&Is unique selling points; and
- build on locally based plans that collectively lead to a regional response capable of fitting in to a national response.

## 1.3 Study Method

The study was carried out in four stages:



## 1.4 Report Structure

The remainder of the report is structured as follows:

- Chapter 2: describes the policy landscape in which the Strategy and Action Plan will sit;
- Chapter 3: details the demand and supply of talent within the H&I;
- Chapter 4: summarises the views of key stakeholders; and
- Chapter 5: synthesises the study findings into an Action Plan.

Appendices provided included a brief review of some case studies and a list of stakeholder consultees.

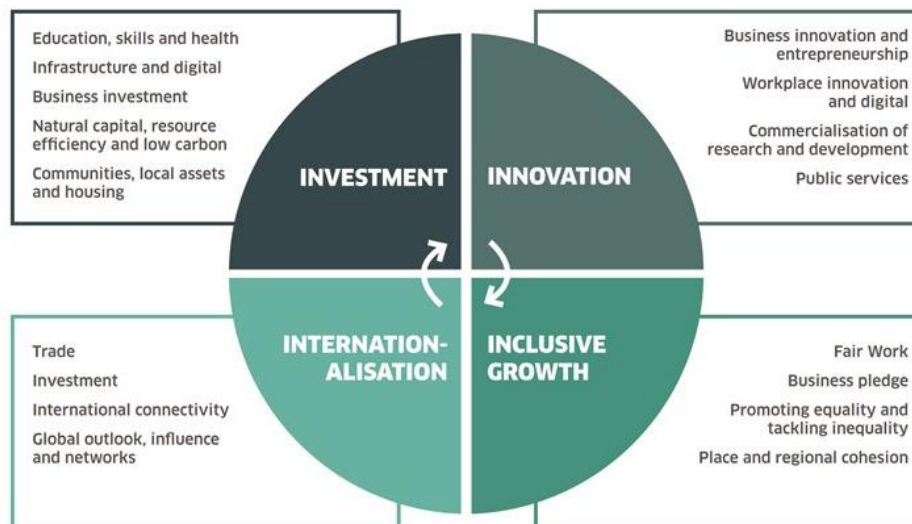
## 2. Policy Landscape

### 2.1 Introduction

The policy landscape in which the Talent Attraction Strategy and Action Plan will sit is already somewhat complex. At a national level, Scotland's Economic Strategy (2015) focuses on four priorities – the four I's - in order to increase competitiveness and reduce inequalities.

People (including children and young people, skills, businesses, and enterprise) are embedded within the Strategy – Figure 2.1

**Figure 2.1: Scotland's Economic Strategy – Four I's**



Source: Scotland's Economic Strategy, March 2015

### Scotland's Labour Market Strategy

Recently, Scottish Government published Scotland's Labour Market Strategy<sup>5</sup>. The Strategy leads on from the Economic Strategy and provides additional detail as to how inclusive growth will be achieved.

<sup>5</sup> Published in August 2016



Scotland's Labour Market Strategy's vision is to develop:

*“a strong labour market that drives inclusive, sustainable economic growth, characterised by growing, competitive businesses, high employment, a skilled population capable of meeting the needs of employers, and where fair work is central to improving the lives of individuals and their families”.*

Over the years, Scotland's labour market has been faced with a number of challenges such as in-work poverty and inequality in terms of access to employment opportunities. Added to that is the changing nature of the labour market and workplace including: an ageing population, increased globalisation, and technological advancements. More recently, Scotland has been faced with the uncertainties of the decision to leave the European Union.

That being said there are a number of potential opportunities for Scotland's labour market including: the forecast expansion of ICT and digital roles, and research and development in activities such as decommissioning, mining, defence, renewables and aquaculture.

The Strategy identifies five key priorities to ensure Scotland's labour market is able to take advantage of the opportunities and overcome the challenges:

- promoting the Fair Work Framework and encouraging responsible business;
- supporting employability and skills;
- investing in people and infrastructure;
- fostering innovation; and
- promoting Scotland internationally to improve competitiveness of businesses.

There are a number of strategic points of importance which reflect to the H&I Talent Attraction Strategy and Action, these are:

- the issue of an ageing population is raised with the priority of growing the working age population throughout Scotland;
- the issue of the reduction of mid-senior level roles [degree level equivalence] and subsequent skills within the workforce that have been lost - there is a need to attract and retain mid-senior level staff;

- UHI will be awarded more funding for student places to address the issue of demographics; and
- attraction and retention of new talent is key outcome of the Strategy.

The Labour Market Strategy describes talent attraction and retention as well as skills development as an issue that is faced throughout Scotland. This is not something that is restricted to the H&I however, as the issue is emphasised by the rural nature of the region.

In this respect, the focus on talent attraction and retention further trickles down with regional, local and sectoral level responses being developed.

Also worthy of noting is *Developing the Young Workforce* seven-year programme that aims to better prepare children and young people from 3–18 for the world of work.

This programme builds on the foundations already in place as part of Curriculum for Excellence. Its headline aim is to reduce youth unemployment by 40% by 2021.

Figure 2.2 depicts the policy landscape within the H&I.

**Figure 2.2: Skills Policy Landscape**



In order to make best use of current and planned initiatives, and to reduce duplication, the Talent Attraction Strategy and Action Plan has been developed to fit with, and complement other policy priorities as detailed below (Figure 2.3).

**Figure 2.3: Fit with Wider Policy**



It is not the intention to provide a fully comprehensive review of all relevant economic and skills policy but rather to provide a review of the current focus of policy as it relates to “talent attraction” approaches across the Highlands and Islands (regionally) as well as the local focus.

## 2.2 Talent Attraction Policy and Research

### Highlands and Islands Skills Investment Plan

The Highlands and Islands SIP, published in late 2014, outlined five key themes for developing a vibrant and sustainable economy:

- meeting the current skills needs of employers;
- planning for the future;
- creating a region for young people;
- people attraction and place attractiveness; and

- strengthening the employer voice in the skills system – this objective is closely aligned with the Scottish Government Developing the Young Workforce agenda.

The SIP also highlighted the need to differentiate the H&I from the rest of Scotland. The rural/remote rural nature and disparate population influences the initiatives that can be delivered to address skills issues.

Whilst the H&I SIP is progressing well, the region spans six local authorities and covers areas that are very different in nature i.e. sectoral make up, island vs mainland locations. As such, a number of local authorities are developing a local response to skills issues, discussed in more detail later in this section.

### [Our Next Generation: Young People and the Highlands and Islands: Attitude and Aspirations \(June 2015\)](#)

Young people are crucial for sustaining and developing the H&Is in future. As such HIE commissioned a study to better understand young people and their views of the H&I. The initial study was published in 2009 and a follow up study in 2015. The key findings from the report are:

- while over 40% of young people describe themselves as “committed stayers” a similar level describe themselves as “committed leavers”. Note the attitudes are not the same across all parts of the Highlands and Islands;
- crucially, nearly 15% see themselves as reluctant leavers, most frequently those in Shetland, Caithness and Sutherland, Lochaber, Skye and Wester Ross, and the Outer Hebrides;
- around 25% of those who have left are potential returners, particularly students;
- in some areas it is the availability of FE/HE which is of prime interest to the school pupil and is their strongest influence on what they do after school, however, in other areas this is not the case;
- UHI is not yet seen as comparable to other HE institutions in the rest of Scotland, nor is it widely regarded as prestigious, with more that could be done to improve its academic reputation and teaching and research specialisms [this was supported by comments made through the stakeholder interviews];

- 35% rate local employment opportunities as quite or very good, however, in parts of the region up to 32% regard them as poor, while for diversity of employment opportunities, 38% rate them as very poor;
- almost as important is the perception that *career progression* opportunities are not available locally. Similarly low proportions think opportunities to progress are good, and the same parts of the region report these as poor;
- housing is a significant issue for the region which reflects real concern about the availability and affordability of housing in the region, and how young people can access housing either to buy or to rent;
- transport affordability remains an issue in the H&I, although again this is a secondary consideration behind jobs and career prospects;
- mobile connectivity is now more of an issues than broadband availability;
- almost 90% consider that improved recreational and social opportunities would make the H&I a more attractive place to stay; and
- their remains a strong sense of belonging and community among young people.

As mentioned above, a number of local authorities have also undertaken research to better understand the attraction and retention issues that are present in their area or have developed talent attraction studies in response to their skills issues.

What is apparent, however, is the different stages and approaches taken by each of the local authorities. Each areas approach is summarised below.

### Argyll and Bute: Compelling Argyll and Bute

This underscores the crucial challenge of addressing the demographic trends in Argyll and Bute which has already been identified and is the overarching aim for the Single Outcome Agreement – “*Argyll and Bute’s economic success is built on a growing population*”

The overarching challenge is to reverse the overall decline in population while rebalancing from aging to young/working age residents by achieving positive net migration. As such eight key themes are the focus of attention.

<b>1. Further and Higher Education</b>	<b>2. Rural Enterprise and Entrepreneurship</b>	<b>3. Argyll and Bute Key Sectors</b>	<b>4. Businesses of Scale</b>
Expand provision and make more relevant to meet future demand	Increase the level of enterprise/ entrepreneurship skills and activity	Increase the relative employment and economic value	Increase the growth and levels of ambition
<b>5. Generic Skills Development</b>	<b>6. Public Sector Employment</b>	<b>7. Compelling Argyll and Bute</b>	<b>8. The Hygiene Factors</b>
Ensure effective and efficient working of local labour markets	Support rebalancing while offering new higher level opportunities	Agree approach to marketing and selling to wider markets	Basic infrastructure is in place to support strategic rebalancing

Building on the Compelling Argyll and Bute study and a private sector Economic Forum (February 2016) Argyll and Bute Council has developed a four year Strategic Economic Development Action Plan (2016-21)<sup>6</sup>.

### Highland Economic Recovery & Development Plan 2013-18 (Draft)

The draft Highland Economic Recovery & Development Plan sets out the Highland Council's vision, programme priorities and actions for the period 2013-18. The Plan seeks to:

- create and sustain an enterprising and growing Highland economy through increasing the provision of well paid jobs with a highly skilled and trained workforce that addresses the needs of employers;
- maintain strong population growth by attracting people of all ages to live and work in Highland;
- focus on long-term improvements in the business environment, labour markets and workforce whilst capitalising on short-term opportunities; and
- consider the needs, maximise the opportunities and develop the potential of all parts of the region.

<sup>6</sup> Subject to Council approval

It is focused on four ‘priority’ elements of the Economic Recovery & Development Plan on which **actions** by the key agencies should be focussed are:

- Enabling Infrastructure;
- Skills & Employability; and
- Support for Businesses;
- Creating Successful Places.

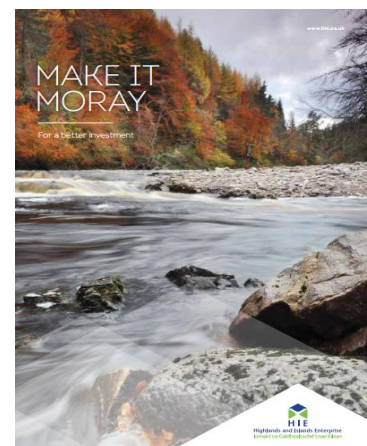
### Moray: Moray Economic Strategy

The Moray Economic Strategy details Moray to be a “*vibrant 21st century region with a broad business base providing stable well paid employment, and strong communities with a growing population*”. In addition the Strategy singles out Elgin in which it will “*define its role within the north east of Scotland to become a strong and vibrant economic hub of the Moray Region*”.

In order to achieve this, a number of enabling actions and projects are detailed:

- encouraging population growth (to build the population, particularly that of working age);
- regional infrastructure to attract and retain people, appropriate and effective allocation of housing land and encouraging development of housing;
- improvements in regional accessibility Including broadband enhancement; A96, A95 and rail network improvement;
- developing market-orientated propositions for inward investment;
- business support, including skills development, and support for business to adapt to economic change;
- ease of doing business;
- developing the social economy; and
- the Elgin Flood Alleviation Scheme.

Implementation of the Strategy is overseen by the Moray Economic Partnership. The Partnership retains media services to showcase what partners are doing to promote Moray as a place to live, work and invest.



HIE has produced sectoral inward investment propositions, including Make It Moray (pictured).

The brochure promotes the benefits of investing in Moray.

### Orkney: Skills Strategies

Two aspects are worth noting. Firstly Orkney Council and SDS are currently developing an Orkney Skills Investment Plan which is due to be completed in December 2016.

In addition, there is also the Orkney Offer **which was developed by the Education Service and** which seeks to deliver a positive pathway for every young person in Orkney and meet the current, and future, skills needs of the local workforce. The Orkney Offer will develop a set of actions that will address potential threats and capitalise on opportunities that enable the islands to realise sustained economic growth, while ensuring that young people have a range of opportunities that encourage them to live, learn and work on Orkney.

Over and above this, Orkney Islands Council and HIE run a joint Orkney Marketing programme. Attracting people to visit, live, study, work and shop from Orkney comes under the remit of this joint programme. As an example of the type of activity undertaken, please see the following section of the [Orkney.com](http://Orkney.com) website.

The website is a work in progress with a major alignment of pages due to be happening at the end of summer. There are plans to increase the marketing of Orkney to potential students.

### Shetland: 10 Year Plan to Attract People to Live, Study, Work and Invest

The overarching objectives is that by 2025 Shetland *“will be an island of opportunity for young people, businesses and investors; be a vibrant and positive student destination; and have a more balanced demographic profile and a growing population underpinned with more private sector jobs”*.



Three key themes are the focus of the Plan:

1. Targeted support for industry growth sectors and entrepreneurship.	2. Ongoing development and resourcing of marketing collateral/ proposition material	3. Providing better support to incoming families and workers
<ul style="list-style-type: none"> <li>• Growth Sector Support</li> <li>• Entrepreneurship</li> <li>• Graduate Placement</li> <li>• Vocational and Technical Education</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion and development of Shetland's "digital real estate".</li> <li>• Development of a dedicated digital business investment portal.</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake more detailed research on why people come to live, work and study here and why people leave here.</li> <li>• Provide a formal "Welcome to Shetland" product for incoming families and workers</li> <li>• Childcare.</li> </ul>

### Caithness and North Sutherland: HIE Talent Attraction Needs Assessment (Draft – May 2016)

HIE commissioned a talent attraction needs assessment of the Caithness and North Sutherland region as part of the wider economic development surrounding the decommissioning of Dounreay Nuclear Power Plant.

The report is currently being developed however we have gained sight of the draft version.

The key recommendations are:

- agencies to raise awareness of agency recruitment support i.e. Adopt an Intern; HC Graduate Placement; Modern Apprenticeships available to business (especially small business);
- update the report (when available) to take account of organisations long term workforce profiling;
- partners to develop a talent management strategy to combat the perceptions of location, under skilled applicants, seasonality, and negative press;
- HIE to work with account managed companies to assist in individual talent management strategies; and

- Caithness Chamber of Commerce to look into the option of running talent management strategy workshops for businesses.

## Westerns Isles: Creating Communities of the Future

Western Isles Council and SDS are currently developing an Western Isles Skills Investment Plan which is due to be completed in early 2017.

In addition, Creating Communities of the Future is a strategy for action. It provides a shared vision for the regeneration of the Outer Hebrides, based on six inter-related economic drivers - Renewable Energy Innovation; Broadband; Tourism; Culture and Heritage; Business Infrastructure and Jobs Dispersal; UHI Millennium Institute.

The longer term goals include:

- in-migration has clearly started with a rise in population evident;
- young people have a wider range of choice on "stay/ go / return" options;
- renewable energy is a major employer and economic contributor;
- job dispersal has brought sustainable employment;
- rebranding of the Outer Hebrides is complete and working;
- more land and marine resources are in community ownership; and
- broadband is universally available and widely used.

The regeneration of Stornoway is driving activity throughout the Outer Hebrides.

## Skills Action Plan for Arran

Whilst the Isle of Arran does not have a dedicated talent attraction strategy, Skills Development Scotland commissioned a Skills Action Plan for Arran in 2015. The Action Plan for Arran highlighted three key areas:

- co-ordination of all activities to respond to Arran's skills needs;
- development of a skilled workforce to meet employer demand; and
- support for young people to build careers on Arran.

A dedicated group of key stakeholders has been developed to lead and deliver against the objectives.

## 2.3 Summary of the Policy Landscape

The review of the above highlights a common and clear focus around a number of aspects, including:

- young people;
- employability and skills development;
- business growth and key sector development;
- image and perception; and
- the wider offering.

There is however no single clear and coherent approach to tackle the issue [as a Highlands and Islands region](#). Finally, it is worth highlighting a key recent development which will have relevance to a future talent attraction strategy.

### [Inverness and Highlands City-Region Deal](#)

Inverness and the Highlands City Region Deal Head of Terms were signed in March 2016. The document outlines the initiatives in which the UK Government has committed invest over the next ten years. Of particular interest to the H&I Talent Attraction Strategy and Action Plan are:

- [Skills and Employability](#)

This project focuses on designing and delivering innovative approaches to employability programmes within the Highlands. The project aims to increase labour market participation; grow businesses through additional employment, and improve business productivity via employee training.

The project also aims to improve partnership working with national, regional and local organisations.

- [Northern Innovation Hub](#)

The proposed strategy aims to group initiatives to support business growth and competitiveness in the region. The proposal identified three key themes: Young People, Enhanced Growth, and Sectors and Place (Tourism, Creative Industries, Food and Drink, and Life Sciences).

- [Science Skills Academy](#)

A number of learning centres throughout the H&I are currently being developed. The centres are tasked with encouraging more young people into Science Technology, Engineering and Maths/Digital (STEM/D). The centres are being developed as an estimated 1,000 new high-quality jobs in biosciences and a further 5,000 in renewable energy are anticipated in the next five to eight years. Developing a suitably skilled workforce is essential to ensure employers of these jobs locate in the Highlands and Islands region.

Plans for centres are based on the Norwegian Newton Rooms<sup>7</sup> and are being supported by HIE, SDS, UHI, the Highland Council and Scottish and Southern Energy.

In addition, a number of wider infrastructure projects are planned which would add to the Inverness and Highlands Offering. These include: affordable housing for young people; improved access to broadband; commercial exploitation of health and life sciences. It is clear that people, skills and talent are a key ingredient for the future success for the region.

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<sup>7</sup> <http://newton.no/>

## 3. The Highlands and Islands Talent Pool

### 3.1 Introduction

The Highlands and Islands (referred to as H&I) encompasses six local authorities, is home to c. 487,700 individuals, and supports an industry of 26,385 businesses<sup>8</sup>.

The H&I SIP reports the region to have experienced economic growth over the past ten years and is likely to benefit from future growth via both indigenous businesses and inwards investment. The region, however, is faced with a number of challenges such as:

- a tight labour market with limited pool of resources – H&I typically has a low level of unemployment however there are high levels of underemployment across the rural, remote rural and islands communities;
- a deficit of skilled people of working age – in particular 15-39 year olds; and
- an out-migration (although maybe temporary) of young people to pursue higher education.

This Chapter sets the scene within the H&I in terms of the demand i.e. the labour market, and the supply i.e. skills provision available. The Chapter concludes by identifying the key skills mismatches.

### 3.2 The Talent Pool

The Highlands and Islands Regional Skill Assessment, originally undertaken in 2014 and updated in 2016, provides a detailed insight into the labour market within the region.

The report and data matrix can be accessed [here](#) [RSA Highlands and Island data 2016].

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<sup>8</sup> Highlands and Islands Regional Skills Assessment, 2016. Note: The Isle of Arran and Cumbrae is also included within the Highlands and Islands Enterprise remit however is not included within the Regional Skills Assessment.

## Population

The region has a population of just less than 500,000. It is made up of a higher proportion of people over the age of 55 than in comparison to Scotland, and a lower proportion of young adults (i.e. 20-34 years old).

Over the ten year period (2004-2014) the population has grown by 5% (c. 24,500 people). However, growth has predominantly been concentrated within the older population (aged 44 or older) whilst younger age groups (0-15 and 35-44) experienced a decline.

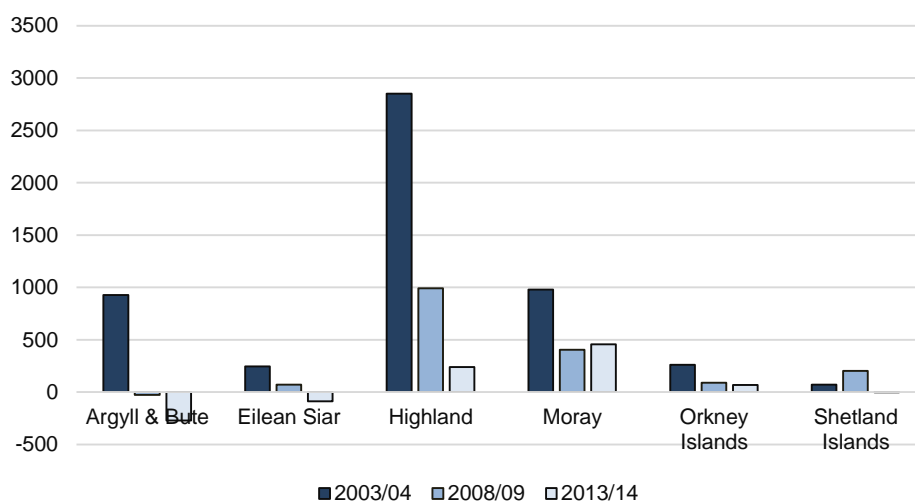
Of particular note is that the percentage of aged 65+ increased significantly during the ten years (a rise of 28% compared with the national figure of 17%).

## Migration

Over the same ten year period H&I has experienced net migration of 19,810 (accounting for 81% of the total population increase). However, net migration has slowed considerably from c. 4,500 in 2003/04 to 400 in 2013/14. Recent data details net migration figures to be heavily dominated by an out-migration of 1,100 people aged 25-34 years old, furthered by c.50 aged 35-54 (2013/14).

Figure 3.1 details net migration by local authority.

**Figure 3.1: Net Migration (2003/04-2013/14)**



Source: National Records Scotland

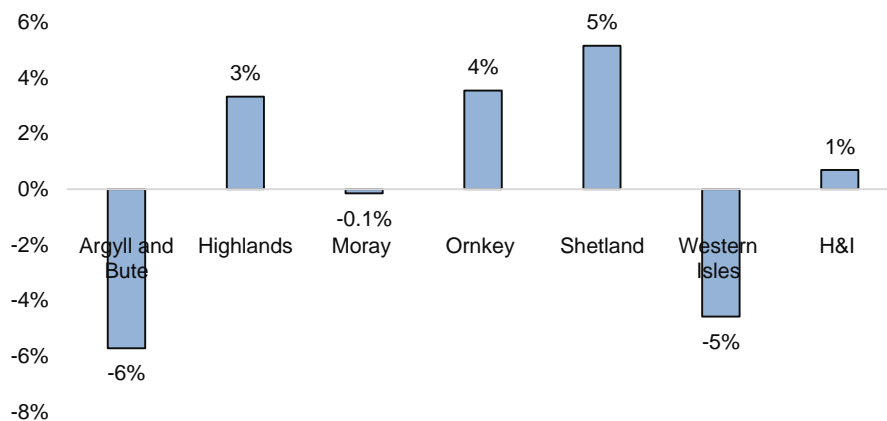
Whilst all local authorities experienced a decline, Argyll and Bute and the Western Isles now has negative net-migration i.e. there are more people leaving than moving to the area.

### Population Forecasts

As for the future of the H&I, population projections anticipate marginal growth of 1% across the H&I. This is below the national expected level of 4%. Whilst the overall population of H&I is anticipated to grow, the working age population is anticipated to contract by 7% (c. -20,500).

Figure 3.2 summarises the anticipated population change for each of the local authorities.

**Figure 3.2: Population Projection by Local Authority (2012-2024)**



Source: Sub Regional Population Projections (Scotland)

Whilst half of the local authorities are expected to grow Argyll and Bute and the Western Isles both face significant decreases in population (-6% and -5%).

Looking in more detail, Table 3.1 breaks down the population projects by three age categories for each local authority.

**Table 3.1: Population Projection (2012-2024)**

Local Authority	Age Range	2012	2024	Change	%
Argyll and Bute	16 and under	15,121	13,374	-1,747	-12%
	17-65	53,269	45,646	-7,623	-14%
	66+	18,510	22,920	4,410	24%
Highlands	16 and under	43,679	42,315	-1,364	-3%
	17-65	147,715	141,157	-6,558	-4%
	66+	41,516	57,178	15,662	38%
Moray	16 and under	17,935	16,298	-1,637	-9%
	17-65	58,433	55,102	-3,331	-6%
	66+	16,542	21,374	4,832	29%
Orkney	16 and under	3,841	3,858	17	0.4%
	17-65	13,593	12,887	-706	-5%
	66+	4,096	5,547	1,451	35%
Shetland	16 and under	4,703	4,587	-116	-2%
	17-65	14,855	14,572	-283	-2%
	66+	3,652	5,247	1,595	44%
Western Isles	16 and under	4,933	4,166	-767	-16%
	17-65	16,902	14,927	-1,975	-12%
	66+	5,725	7,207	1,482	26%
H&I	16 and under	90,212	84,598	-5,614	-6%
	17-65	304,767	284,291	-20,476	-7%
	66+	90,041	119,473	29,432	33%

Source: Sub Regional Population Projections (Scotland)

There is a common pattern across the local authorities, the percentage of people aged 66 and over is anticipated to increase (ranging from 24% to 44% increase) whilst the percentage of those under the age of 66 is anticipated to decrease<sup>9</sup>. This means the number of people available within the labour market and the pipeline of future talent is diminishing.

<sup>9</sup> Orkney is the exception to this where a slight increase in those aged 0-16 is expected.



## Business Base

In 2014, there were 26,385 registered businesses operating in the H&I accounting for 13% of the total number of registered businesses in Scotland. The number of businesses grew (2010-2014) by 3% in H&I, slightly lower than the national growth rate (5%).

One fifth of businesses in the region operate within Agriculture, Forestry and Fishing. This was followed by Construction; Retail; and Professional, Scientific and Technical each amounting to 10% of businesses.

There is a higher proportion of micro businesses operating the H&I than compared with Scotland as a whole (83% compared to 80%).

## Employment

A total of 222,900 people were employed in the H&I in 2014, accounting for 9% of total employment in Scotland.

Employment has increased marginally since 2009 (1%) however within the past two years (2012-14) employment in H&I increased at a rate of 6.4%, higher than the national rate (4.6%).

Health is the largest employing sector, followed by Retail; Accommodation and Food Services; and Production. Together the four sectors account for 47% of employment.

## Employment Growth

The H&I SIP estimated the potential employment growth with the key growth sectors in H&I over the next 5-8 years.

An estimated additional 4,500-7,500 jobs could be created in the region. These figures may underestimate the likely demand as it does not take into account replacement demand i.e. people leaving the market or changing careers.

**Table 3.2: Key Sector Employment Forecasts**

Sector	Current Emp	Potential jobs growth 5–8 years	Comment	Location
Food and Drink	32,300	up to 300	Mostly through expansion of existing businesses	Across Highlands and Islands
Energy	13,000	3,000 – 5,000*	Driven by sector expansion, including inward investment in renewables and overspill from Abz	Across Highlands & Islands
Sustainable Tourism	24,800	up to 200	Further growth likely through new hotel openings in Moray and some expansion of existing businesses	Across Highlands & Islands
Financial and Business Services	8,900	up to 1,000	Mostly driven by new inward investors, and expansion of recent inward investors	Inverness & Inner Moray Firth
Creative Industries (including digital)	4,200	up to 250	While employment growth may be limited, there will be significant self-employment opportunities.	Across Highlands & Islands
Life Sciences	1,800	up to 1,000	Mix of inward investment and indigenous growth	Inverness / Moray / Outer Hebrides

Source H&I- SIP

\* Figures may be lower in light of the recent downturn in the sector.

### 3.3 Talent Development Infrastructure

#### Higher Education

A total of 5,878<sup>10</sup> students undertook a higher education (HE) course within 2013/14 at the University of Highlands and Islands and the University of Stirling Inverness Campus. This accounted for 3% of all HE students in Scotland.

Unfortunately, current student numbers are non-comparable to previous years as UHI Perth Campus was reclassified as being within the Tayside region and is no longer included within the H&I.

<sup>10</sup> Headcount

Key points to note in relation to HE students include:

- students attending HE in H&I tend to be older than those studying outwith the region – over half were aged 25+ in 2013/14;
- the majority of students reside within the H&I region (82% in 2013/14 compared with the national level – 25%);
- the top four subjects were similar to the national figures – Business and Administrative studies, Social Studies, Subjects allied to Medicine, and Engineering (2013/14).

In terms of where young people who leave the H&I go to study, the largest share of these learners goes to Aberdeen's Robert Gordon University (17%) and the University of Aberdeen (15%). Following Aberdeen, the most popular destinations were universities in Edinburgh and Glasgow.

The most common subject areas were subjects allied to medicine (16%), business and administrative studies (10%), education (10%), biological sciences (10%) and engineering (9%). All of these subject areas are now available at UHI, although specific course content differs between institutions.

The University of Highlands and Islands (UHI) – Strategic Vision and Plan 2015-20 outlines a number of critical performance indicator (CPIs). The first of which is to increase the number of full time equivalent (FTE) higher education students from c.5,600 FTEs in 2013/14 to 7,700 by 2019/20.

UHI acknowledges two key approaches to achieve this growth:

- increase the number of Scottish students studying at UHI – like all universities UHI has an allocated number of student places funded by the Scottish Funding Council for Scottish students; and
- increase the number of Rest of the UK and International students studying at UHI i.e. fee paying students.

In order to achieve the CPI target, UHI is currently developing a Growth Strategy. The draft strategy suggests a number of possible actions. Of particular interest to this study is the potential to attract students from the Rest of the UK as well as international students by through the use of a targeted marketing campaign.

There is therefore a key role for UHI to play regarding the attraction of people to the H&Is. We come back to this within Chapter 5.

## Further Education

In 2013/14 there was a total of 20,225<sup>11</sup> people enrolled within a college course in the H&I, accounting for 8% of all college students in Scotland. The number of people enrolled from the previous year increased by 539 equivalent to 3%<sup>12</sup>. Key points to note regarding further education in H&I:

- there is a higher proportion of students at both ends of the age spectrum (aged under 16 and over 25) whilst those aged 16-24 account for just over one third of FE students compared with 48% within Scotland as a whole.
- almost all students studying were resident of the H&I (91%);
- engineering (17%), care (14%), and hairdressing (13%) were the most taken up full time courses – each above the national averages.

## School Provision

As of 2014, a total of 27,742 pupils were enrolled in secondary school provision in the H&I. Key points to note are:

- senior pupils (S5 and S6) accounted for 29% of all pupils enrolled; and
- the school roll is projected to fall year on year until 2018 (estimated decrease of c.-1,900);
- the H&I is anticipated to experience a greater fall in pupils than the national level (7% compared with 2%).

Each local authority has achieved a high positive destination – in 2014/15 all were above the national level of 93%. There is a common thread throughout the H&I – a higher proportion of young people entered employment after leaving school ([Table 3.3](#)).

As such a smaller proportion entered HE/FE or training. Argyll and Bute and the Western Isles were the exception to this – where a similar percentage of school leavers attended university or entered into training.

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<sup>11</sup> Headcount

<sup>12</sup> H&I SIP

**Table 3.3: Initial Destinations of School Leavers 2014/15 - %**

School	Total	HE	FE	Train'g	Emp	U/E	Other
Argyll & Bute	909	39.3	20.7	3.7	27.7	6.5	2.1
Eilean Siar	284	38.4	16.9	4.9	33.5	3.9	2.5
Highland	2,700	34.1	26.3	1.5	29.1	5.5	3.4
Moray	1,167	37.7	28.3	1.0	26.6	5.3	1.0
Orkney Islands	248	34.3	23.8	1.2	32.3	5.6	2.8
Shetland Islands	256	32.0	22.3	1.2	35.5	4.6	4.3
H&I	5,564	35.9	25.0	1.9	29.0	5.5	2.7
<b>Scotland</b>	<b>53,836</b>	<b>38.3</b>	<b>27.8</b>	<b>3.8</b>	<b>21.7</b>	<b>6.5</b>	<b>1.8</b>

Source: Skills Development Scotland

Other includes: Voluntary Work, Activity Agreements, and Unconfirmed.

Red text indicate below the national level.

This leads on to the availability of Modern Apprenticeships (MAs) within the H&I.

### Modern Apprenticeships

During the past five years the availability and uptake of Modern Apprenticeships (MAs) has increased by over one third (37%) within the H&I. This has been true throughout all of the local authorities, however greatest uptake has been experienced within those ages 20 and older.

Table 3.4 details MA uptake by local authority.

**Table 3.4: Modern Apprenticeships Starts by LA (2010/11-2014/15)**

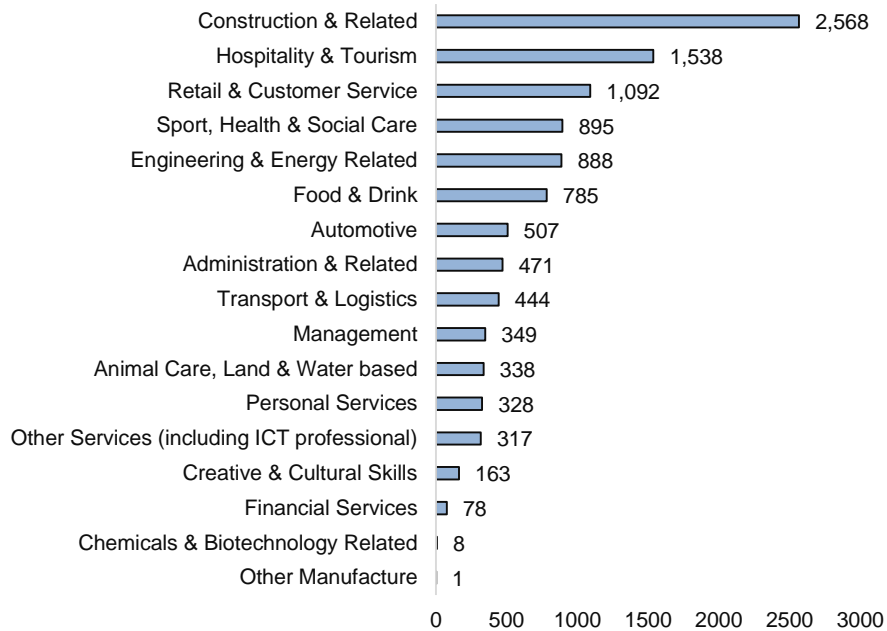
LA Area	Age	10/11	14/15	Change	% Change
Highland	16-19	495	639	144	29%
	20+	370	630	260	70%
Moray	16-19	206	209	3	1%
	20+	104	246	142	137%
Orkney	16-19	42	33	-9	-21%
	20+	17	32	15	88%
Shetland	16-19	88	87	-1	-1%
	20+	27	52	25	93%
Eilean Siar	16-19	55	56	1	2%
	20+	26	52	26	100%
Argyll and Bute	16-19	166	156	-10	-6%
	20+	112	141	29	26%
Highlands and Islands	16-19	1052	1180	128	12%
	20+	656	1153	497	76%

Source: SDS

Throughout the region there is a clear appetite for MA training within those aged 20 and older. Each local authority has experienced an increase in MA starts (ranging from a low of 26% to a high of 137%).

The MAs align with the key sectors operating in the H&I, the top five MAs undertaken are Construction; Hospitality and Tourism; Retail and Customer Services; Sport, Health and Social Care; and Engineering and Energy Related (Figure 3.4, over).

**Figure 3.4: H&I MA Starts (2010/11-2014/15)**



Source: SDS

Construction dominates the MA starts, and is offered within each of the local authorities ([Table 3.5](#)).

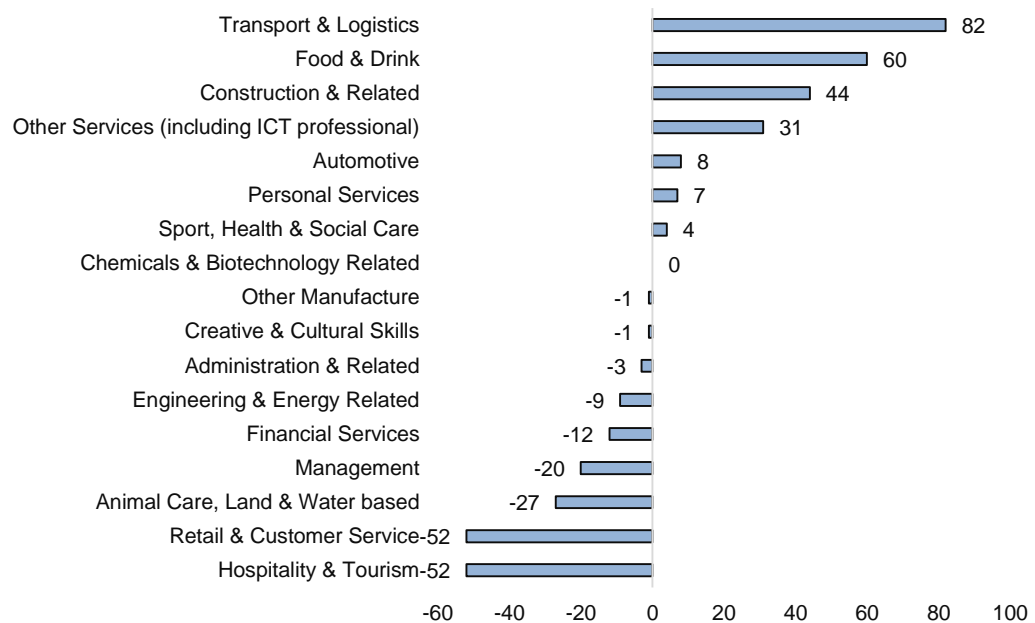
**Table 3.5: Top Five MA Starts by Local Authority (2010/11-2014/15)**

	Highlands	Moray	Orkney	Shetland	Eilean Siar	Argyll and Bute	Total
Construction	x	x	x	x	x	x	6
Hospitality and Tourism	x		x		x	x	4
Retail and Customer Service	x	x		x		x	4
Sport, Health and Social Care	x	x	x			x	4
Food and Drink		x	x		x	x	4
Engineering and Energy	x	x		x			3
Animal Care, Water and Land			x	x			2
Administration				x	x		2
Creative and Cultural					x		1

Source: SDS

In the last year, there has been a move away from MA starts in Hospitality and Tourism and Retail and Customer Service, and a move towards Transport and Logistics, Food and Drink (Figure 3.5).

**Figure 3.5: H&I Volume Change 2013/14 – 2014-15**



Source: SDS

### 3.4 Summary of Key Issues

So what does this mean in terms of talent and the labour market for the H&I?

Ageing demographics coupled with the falling net migration has resulted in restricted working age population. At the same time, employment in the region has grown at a faster rate than the Scotland and the number of businesses has increased.

Looking to the future, the H&I SIP estimates at a minimum an additional 4,500 new jobs could be created. Added to this will be the replacement demand of those that retire or leave the sector/region.

In particular Argyll and Bute and the Western Isles are being hit the hardest in terms of future population projects (lowest percentage increase in those over the age of 66 and greatest population decrease of those under 65 years old).



The supply side is also competing for talent. The school roll is estimated to decrease by 7% by 2018 (roughly 1,900 pupils).

As the majority of students attending HEIs within H&I reside in the area: competition between universities, colleges and MA providers to attract individuals will increase.

There is therefore a rationale for HE (and potentially FE) to better promote their unique courses to attract more individuals from outwith the H&I to study.

The combination of the above results in the needs to:

- attract new talent into the area;
- re-attract those that left that are likely to return; and
- increase promotion of current and future employment, education and training opportunities for young people that would like to remain however are unsure of their options.

As such, it is clear that the issue of talent attraction and retention is a clear and present challenge for the Highlands and Islands.

## 4. Engaging Stakeholders

### 4.1 Introduction

This Chapter provides an analysis of the opinions, views and insights of key stakeholders with an interest or influence within the H&I region.

Across the Highlands and Islands there are already a number of initiatives being delivered in support of talent attraction – from the formal [Shetland Talent Attraction/ Compelling Argyll and Bute] to the less formalised approaches in Western Isles or Moray.

**There is however, currently no consistent, robust or region-wide approach currently across the Highlands and Islands.**

One specific issue which was raised related to the “Brexit vote” and the longer term implications for a number of sectors which rely heavily on foreign labour e.g. all primary industries, food, construction and hospitality sector. The consequences of major employment restrictions could have a major negative impact on the Highlands and Islands in the longer term – however at this point it is all speculation.

A total of 25 individuals within 20 organisations were consulted with by telephone. [Appendix B](#) lists the organisations that provided feedback.

### 4.2 Importance of Talent Attraction for Highlands & Islands

Talent attraction and retention in its widest sense is a key issue for the Highlands and Islands where the region:

- requires people in a general sense to make services viable e.g. schools/ support local shops and sustain communities;
- requires specific talent with specific skills to fill specific jobs; and
- requires young families to be the future of the region and ensure long term sustainability.

However, it is not just about “attraction” it is also about retention of the existing workforce and future workforce, and encouraging individuals from the region to return. In many ways, these groups should be more achievable and offer greater prospects than attracting new people to the region.

All stakeholders believe that the ability of the region to attract and retain people (in general) and those of working age (in particular) will be a crucial factor in determining the long term economic performance of the region.

There was also a consensus that the ability to retain (or attract back) current or previous residents will be greater than the ability to attract new residents.

There was a consensus that a regional framework would be to ensure co-ordination and consistency **but** different approaches would be required to reflect the individual circumstances at a LA level.

### 4.3 Overview of Talent Attraction Issue

There was a consensus among stakeholders that good progress has been made in development of the economic, social and environment fabric of the H&I over the past decade. Examples included:

- the H&I economy has continued to grow and diverse with support from HIE;
- a regional wide higher education institute has been developed - University of Highlands and Islands (UHI);
- the roll out of superfast broadband throughout H&I means connectivity has improved;
- there have been a number of improvement for infrastructure (e.g. ferry subsidies, road improvement);
- a new Science Skills Academy (SSA) is currently being developed at Inverness Campus; and

- the younger generation has experienced a small change in mindset regarding the Highlands and Islands
  - in the past young people that remained in the H&I were viewed by their peers as being less ambitious than those that left. Findings from the Young Person report has found this is less likely to be true in 2015 compared with 2013.

That being said the region still faces a number of key challenges which are general well recognised.

Firstly the demographic makeup of the H&I is skewed towards the older generations, some of which are still within working age, however the majority are over the age of 64. An ageing population brings with it a number of challenges such as:

- increased pressure on health and social care services including demand for health and social care staff;
- pushing up of housing costs for those of working age population; and
- lower proportion of individuals of working age to contribute to the local economy.

In addition to the older population, stakeholders are aware that a proportion of younger people choose to leave the H&I to gain life experience and/or access higher/further education. There was a consensus these individuals should not be prevented or discouraged from doing so, instead actions should focus on attracting individuals back to the region in later life – a return to roots programme.

[Chapter 3](#) details a fall in net-migration over the past ten years i.e. the number of people moving to the area has slowed down. Stakeholders were conscious that falling population in local communities leads to lower demand on local services and in some cases closure of services public and private services which in turn can further impact on population numbers.

It is recognised that it is crucial to maintain a vibrant community with a wide range and availability of public and other services if an area is to be able to attract/re-attract labour and investment to the area.

The issue of talent attraction and retention is still evident within the region. All stakeholders understood the importance the current and future skills issues of H&I, many of which reported it to be of strategic importance to their organisation.

Secondly, the H&I covers a large area (one stakeholder likened it to the size of Belgium) as such the region is somewhat diverse in terms of key sectors, geographic remoteness, connections to the central belt and the North East. The differing nature of each local authority means different solutions will be required to tackle the skills issues.

Lastly, stakeholders reported people from outwith the H&I often have a preconceived perception of the region such as there is poor infrastructure provision, it is difficult to travel to/within, the workforce is less talented or less motivated than elsewhere.

The H&I SIP recognised 'people attraction and place attractiveness' as a key theme and a number of initiatives are currently being developed and delivered.

Stakeholders emphasised the need to make and promote the H&I as an attractive place for young people and young professionals. Interestingly, some areas were already regarded as being attractive to younger people such as Shetland.

## 4.4 Key Sectors

The consultations identified a number of key sectors where there was seen as particular skills issues including:

- primary sectors including aquaculture, agriculture, and fishing;
- tourism and hospitality;
- construction;
- energy;
- health: social care; childcare; medicine; and
- education: primary and secondary school teachers.

The ability to attract and retain talent in these sectors is seen as a real challenge for the region and possible sector specific responses are required.

Stakeholders reported a number of possible reasons specific to the H&I that may explain the shortages.

Firstly, certain sectors are (or are perceived to be) low paid e.g. care or hospitality which means living in rural locations with higher living costs is not necessarily attractive or feasible. At the other end of the spectrum, individuals working at a senior level in the medical sector reportedly may be less likely to live in remote rural location as the options for academic career progression or private care working are less numerous.

That being said, opportunities also lie within these sectors to overcome the shortage of labour.

One example is the development of telehealth care to treat numerous individuals by technology remotely. This would reduce the amount of time staff time needed to travel to and treat a patient.

## 4.5 Routes to Education and Training

The availability of a good education/ training offer was seen by all as one of the key push and pull factors. The development of UHI was viewed positively in this respect.

The ability to both widen the education offer as well as the development of specialisms was seen as a twin track approach. This should form part of any future talent attraction strategy.

However, it was also seen that there could be competition for a limited talent pool e.g. with limited young people do you market FE/HE or MA opportunities and can this be done in a managed manner.

For example, if UHI undertakes a major marketing campaign to attract more local young people into full time education will there be sufficient to meet the needs of industry through the MA route.

## 4.6 Routes to Growth

Stakeholders identified a number of potential approaches to business growth in the H&Is.

### New Starts

Firstly, developing the region as an attractive place for entrepreneurs and new start businesses was suggested. The development of a strongly entrepreneurial culture was seen as a potential focus for future attraction or retention.

### Indigenous Growth

The second option is to build upon the success of existing businesses in the H&Is and to help them realise their full potential. A number of ways to do this was reported including: further developing the digital infrastructure, focus on exporting and taking advantage of globalisation, and developing and reinforcing the linkages between the public sector, businesses, and other support organisations.

### Inward Investment

Lastly, stakeholders suggested focusing on attracting investment from outwith the region i.e. inward investment both from elsewhere in Scotland, and further afield. In order to do this, there is a need to make the H&I an attractive place to operate from. Again comments centred around improving the wider offering (infrastructure, housing, leisure and social amenities) as well as ensuring a skilled and talented labour force.

### Argyll Enterprise Week

**Organisers:** HIE and Argyll and Bute

Business Gateway

**Date:** 31st October – 4th November 2016

**Location:** Oban

**Aimed at:** individuals and organisations with an interest in enterprise within Argyll and the islands.

**Activities:** workshops, seminars, networking events and discussions focusing on finance, internationalisation, digital and innovation as well as sectoral opportunities in tourism, food and drink, creative industries and social enterprise.

Two key points to note from the event:

- The Council launched its Rural Resettlement Fund – more information available [here](#).
- A video to attract new residents and businesses to the areas was shown at the opening event. The video can be viewed [here](#).

More information about the event available [here](#).

## 4.7 The Digital Sector

In recent year the Scottish Government, with the support from key partners, has made strides in improving digital connectivity throughout Scotland.

The H&I has benefitted enormously from this and business and the population benefit from increase broadband speeds.

The Digital and ICT SIP forecast total employment opportunities to increase 15% by 2020 settling at c. 84,000 jobs in Scotland. This is an estimated an additional 11,000 throughout Scotland. Linked with recent advancement in connectivity there is scope for the H&I to take advantage of this opportunity.



## 4.8 Not Just a Skills Issue

It became apparent throughout the consultations that talent attraction and retention is not just a skills issue. Instead it is about the “whole package” and that a number of “hygiene factors” need to be in place for individuals to locate in an area.

For example, having good quality jobs with good career prospects may be a pull factor, a lack of appropriate and affordable housing will act as a push factor.

These wider factors include:

- a range of employment opportunities;
- opportunities for career progression;
- appropriate employment opportunities for spouse/partner;
- a range of housing and tenure options;
- good quality education facilities for children (particularly primary and secondary education);
- access to mobile and broadband of sufficient speed and coverage;
- access to good transport facilities such as road, rail, sea, and air; and
- social and leisure amenities.

The general view was that jobs, housing and education were probably the most important factors although all should be in place for maximum success.

Talent Scotland conducted a perception survey (2015) asking respondents to rank the most important factors when relocating to a new place. Findings of which support the stakeholder views and opinions:

**Figure 4.1: Talent Scotland Perception Survey Findings (2015)**



Source: Talent Scotland

## 4.9 Perceptions and Marketing

In addition to the those outwith the H&I that have their own perceptions of the region, there are also those that choose to leave and perhaps are put off returning as they are unaware of the changes that have happened since they used to live/work in the region. There is therefore a role for greater promotion of the progress made within the H&I.

The H&I SIP also evidenced young people have limited understanding of the potential training and employment opportunities available to them in their local area.

Stakeholders reported progress is being made to improve the links between schools and businesses through the Developing the Young Workforce agenda whilst colleges and UHI are proactively engaging with local employers. Whilst this is positive, it was reported more could be done to better equip schools, guidance councillors and pupils themselves with information about the training and career prospects available within H&I.

Another issue which was highlighted relates to how parents perceive apprenticeships as a future route to skills and employment. Often parents are the key influencer in a young person's decision. There is need to do more to promote the MA option as an appropriate alternative to more traditional routes.

Marketing in both an external sense (promoting the region and its opportunities) and in an internal sense (promoting employment and training) are both necessary to the Strategy and Action Plan.

Communication in its widest sense is a key overarching issue to be addressed – but note different target audiences.

## 4.10 Regional/ Sub-Regional Approaches

There was consensus that a region-wide strategy and policy approach would be appropriate in addressing the issues of talent attraction and retention in the H&Is. However, stakeholders were clear there must be recognition of the sub-regional differences (including the needs and opportunities).

A joined up approach will be important in terms of both how a regional message is developed and promoted and how each of the sub-regional approached fits into one overarching framework.

One issue where there was some disagreement relates to the promotion of place.

There were some views that this should be focused on a few key locations such as Inverness then support a “trickle out” effect. Unsurprisingly, there were strongly opposing views that any Inverness-centric approach would not work as the needs and opportunities are different across the different geographies.

It is clear that the needs and opportunities and the hygiene factors are different across all of the sub regions. For example, Shetland may have lots of job opportunities in some sectors but real issues around housing on the other.

Conversely, other locations have less of a housing issue but opportunities in different sectors. Another view is that different locations look to different service centres and some locations do not look to Inverness e.g. Isle of Barra or Argyll and Bute look more to Glasgow.

This suggests that there is a requirement to complete some form of baseline mapping (fact sheet) of the sub regions both in terms of infrastructure and future needs/ opportunities. We return to this later.

## 4.11 A Partnership Approach

It was underlined earlier that there are a number of issues which will impact on the ability of the region to attract and retain people, and that there no single organisation that has all the responsibilities (or answers).

For example, it may be a major challenge to try and promote an area to attract new talent if it did not have an appropriate mix of housing.

In many ways it is about developing support for a regional strategic approach and ensuring that “all the ducks are lined up”. In order to do this, we suggest developing a governance structure responsible for the Strategy and Action Plan. The current Skills Investment Plan board may be an obvious starting point. Many of the SIP Board organisations are already undertaking activities that will support the talent attraction agenda (e.g. SDS, UHI, HIE).

## 4.12 Making the Highlands and Islands Youth Friendly

The key target group will be young people (and young families). While the Highlands and Islands can be seen to offer a good quality of life at many levels it is perhaps not so well endowed with a young people offering.

It is recognised that it will be important to have the Highlands and Islands as a young-friendly place.

While it is believed that there are good jobs etc., one of the issues which was seen as particularly crucial was making the Highlands and Islands attractive to young people in a social and cultural sense.

Interestingly, this issue is perhaps not consistent across the region with for example, Shetland indicating they already offer a youth-friendly environment.

#### Aspire to Arran<sup>13</sup>

The Arran Skills Action Plan Group (comprised of SDS, Ayrshire Chamber of Commerce, Argyll College, Business Gateway, schools and major Arran employers) held their first event on 28<sup>th</sup> September. The event provided information about Modern Apprenticeships (MAs) to senior secondary school pupils and businesses. The event highlighted the options of business sharing a MA.

Three video case studies were presented during the event; showcasing the success of young people in Arran.

## 4.13 A Counterfactual

While all stakeholders are in agreement as to the crucial nature of talent attraction and retention it is worth reflecting on the implications if it is NOT addressed.

- populations continue to age and decline leading to decline in school roles and impacting on viability of local services;
- the health and social care resources become over-stretched;
- there are fewer residents to work in local businesses who struggle to survive and grow;
- fewer jobs mean fewer young people will stay in the region; and
- so the spiral of decline continues.

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<sup>13</sup> H&I SIP Programme Board – Progress Report for the Convention of the H&IS (October 2016)

## 4.14 Possible Responses

Stakeholders suggested a range of possible activities and interventions which could form part of the Action Plan. These included:

- establishing governance framework to oversee delivery;
- detailed place mapping for each local authority e.g. housing, infrastructure, connectivity etc. linked with the local authority RSAs;
- develop a regional/sub-regional offer or fact sheets which can be used as a promotional tool;
- develop case studies of success stories – inward investors, individuals from Scotland and further afield.
- develop a single regional marketing campaign;
- better promotion of employment and career progression opportunities;
- better promotion of MA opportunities and MA expansion plan;
- better promotion of UHI USP and courses e.g. adventure tourism, textile, archaeology
- develop initial hand holding options for new migrants such as a help desk;
- develop sector specific fact sheets that are opportunity focused;
- develop an enterprise/ entrepreneurship offer (support for start-ups, relocating of businesses, incentive to relocation);
- develop a H&I package – a passport to career development for young people i.e. this is the stages throughout your career within the H&I; and
- develop workforce development approaches in the public sector to provide opportunities to retrain in areas of demand to allow residents to remain in the local area.

At present all stakeholders can see a benefits of developing a regional approach. Continued involvement and communication will be crucial to ensure the momentum and interest.

The above has been used to inform the development of an Action Plan which would be delivered using a wider partnership approach.

## 5. Strategic Themes and Action Plan

This Chapter synthesises the research findings into key strategic themes and outlines a suggested Governance Model and Action Plan.

### 5.1 Strategic Objectives

The overarching objective of the Highlands and Islands Talent Attraction and Retention Strategy is to:

- increase the number of working age people living and working in the region;
- reverse the forecast decline in population while rebalancing from aging to young/working age residents by achieving year on year positive net migration;
- ensure that business located in (or locating into) the Highlands and Islands are able to access an appropriate scale and scope of skilled future talent;
- develop a co-ordinated approach across the Highlands and Islands to talent attraction and retention.

It will be possible to develop appropriate metrics around these objectives by way of targets to ensure delivery

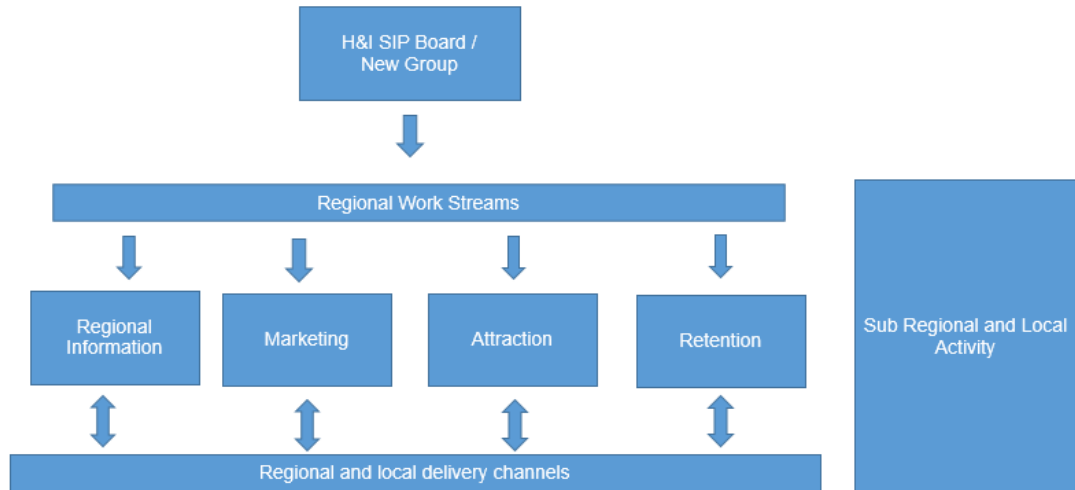
Finally, it is important to recognise that the Action Plan focuses on delivering some regionally consistent activity and that that will be supported by a range of local actions, some of which are already in place.

Therefore the Action Plan will be additional to local activity.

### 5.2 Governance

In order to implement the Action Plan we suggest the following model comprised of two levels of engagement: strategic guidance from at a regional level and then individual work streams for delivery ([Figure 5.1](#)), over.

Figure 5.1: [Suggested] Governance Model



### H&I SIP Programme Board

The H&I SIP Programme Board is made up of key stakeholders including SDS, HIE, Local Authorities, HEIs. The group was formed to oversee the delivery of the H&I SIP.

We believe this group (all, or in part) would be best placed to oversee the strategic direction of the Action Plan. It would also be an appropriate forum for co-ordination of local activity and sharing good practice.

There will also be a link between regional and local activity with some of the workstreams providing support for local actions.

The group has been instrumental to the progress of the H&I SIP and has an up-to-date contextual understanding of the skills issues within the region.



During the drafting of this report the H&I Skills Investment Plan Programme Board responsible for the delivery of actions within the Skills Investment Plan published a Progress Report (October 2016)<sup>14</sup>.

The report details each of the six local authorities and Arran's local skills plans, provides an update for each of the Partner organisation's activity, and showcases a selection of case studies. The progress and activities within the Progress Report is encouraging and very much mirrors a number of actions/themes that have emerged from the research findings.

### 5.3 Workstreams and Action Plan

Stakeholders were in agreement that a range of partners need to be involved in the delivery of the Action Plan. Four strategic themes/work streams emerged from the study finding.

Whilst it will be appropriate for some activities to be carried out at a regional level it will be imperative that local authorities/local delivery organisations with the contextual understanding of the key needs within their area are given the opportunity to lead/support the delivery.

Each of the work streams are now outlined below including suggested objectives partners and timescales. Timescales have been defined in the short, medium and long term with we would recommend a time horizon of no longer than five years.

We have made suggestions as to which organisations should be involved in the delivery of specific actions, suggested it will be important that this is agreed with individuals in advance of finalising the Action Plan to ensure focus and delivery. Input from the private sector will be crucial and representation and input is suggested from the Chambers of Commerce, Business Gateway, and Federation of Small Business.

Note: the work streams are very much aligned with one another and will require communication between the partners/groups in order to make best use. The overarching strategy calls for increased collaboration and partnership working.

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<sup>14</sup> H&I SIP Programme Board – Progress Report for the Convention of the Highlands and Islands – October 2016

## 5.4 Additional Comments from Key Stakeholders

EKOS presented a feedback workshop on Thursday 13th October presenting the findings of the research and discuss the emerging four themes.

Following the presentation an online survey was created to allow stakeholder the opportunity to rate and comment in detail on each of the actions under the four themes.

Overall, stakeholders were in agreement with the suggested actions. We have included a comments column within the Action Plan, highlighting key comments.

## 5.5 Next Steps

The five year Action Plan is necessarily high level at this stage and while it is appropriate to provide an “in principle” approval, it will require further development and refining, including identifying specific individual responsibilities, resources and reporting structures.

We believe this should be approached as a matter of some urgency with immediate action being taken by all stakeholders. As such it would be appropriate to consider the Action Plan in more detail to identify the immediate priorities and put in place delivery plans.

In particular, detailed activities should be developed further to a point where they can be taken to partners and internally within organisations to obtain resource/ funding support. This is likely to require the Partners to allocate their time to develop a series of business propositions / projects to their own required standards of due diligence and reporting requirements.

We would also highlight two further actions for consideration:

- initial research and contingency planning around the implications of Brexit negotiations; and
- further analysis of the latest SDS employment forecast data to review supply and demand co-efficients to establish the potential scale of the challenge in more detail.

## Regional Information

Action	Description	Partners	Timescale	Comments
Skills Initiative Mapping	Desk based mapping of current and future skills initiatives throughout H&I.	SDS, Respective LAs, Regional DYW	Short term	<ul style="list-style-type: none"> <li>Orkney Skills Strategy due December 2017</li> </ul>
Place Mapping	Desk based exercise to determine the current needs/opportunities within each local authority such housing, connectivity, infrastructure. A key aspect will be to align the findings with the respective local authority RSA.	Respective Local Authority, SDS	Short term	<ul style="list-style-type: none"> <li>Arran Economic Group has already undertaken a number of activities in this action for the Arran Skills Plan</li> </ul>
Factsheet – local authorities	Develop consistent promotional factsheet highlight the key opportunities/strengths for living and working in each Local Authority	Respective Local Authority, HIE	Short term	<ul style="list-style-type: none"> <li>Local economic groups (where they exist) should also input</li> </ul>
Factsheet – key sectors	<p>Develop promotional factsheet highlighting the key employment sectors throughout H&amp;I.</p> <p>Highlight job and occupational opportunities</p> <p>Showcase career pathways throughout the region.</p>	HIE, SDS, UHI, Sector Skills Councils, Private Sector	Short term	<ul style="list-style-type: none"> <li>Should be approached in terms of both skills and sectoral</li> </ul>
Update Talent Scotland Information	Provide up-to-date information about the H&I including: key employers, communities, vacancies. Include Islands within Talent Scotland	Talent Scotland, HIE	Medium term	<ul style="list-style-type: none"> <li>Consideration needed – cannot take the role of a recruitment agency</li> <li>Online portal would be needed for employers to post vacancies</li> <li>Challenging to keep up to date</li> <li>Signposting element needed</li> </ul>
Regional Best Practice	Develop/improve cross border relationships with a view of sharing of best practice	HIE, LAs, SDS, Talent Scotland, RSIP board	Short term	

## Marketing and Promotion

Action	Description	Partners	Timescale	Comments
Case Studies	Develop case studies (written and video) to showcase: <ul style="list-style-type: none"> <li>• Individuals/families that have <b>relocated</b> to H&amp;I</li> <li>• Individuals/families that have <b>returned</b> to H&amp;I</li> <li>• Young people who have <b>remained</b> in H&amp;I and progressed their education/career</li> <li>• Individuals that have set up/operate a business from H&amp;I</li> <li>• Inward investment</li> </ul>	SDS, HIE, UHI/colleges, private sector, LAs, Business Gateway	Short term	<ul style="list-style-type: none"> <li>• Argyll and Bute Council – showcasing Learner Journeys</li> <li>• Option to showcase NHS</li> <li>• Make use of Talent Scotland perception survey in decision making process</li> </ul>
Generic Regional Template	Develop a generic regional wide template and text to be used when promoting the H&I as a place to live, work, etc.  Ensure consistency throughout the regions  Regional consistent marketing materials/ design/etc	HIE, LAs, Talent Scotland	Medium term	<ul style="list-style-type: none"> <li>• Make use of TalentScotland content and tailor to sub-regions</li> <li>• Ensure regional template doesn't conflict or undermine local approaches</li> </ul>
Generic Marketing	Further consideration of the need for a new, bespoke marketing campaign [locate to the Highlands and Islands]	HIE, SDS, LAs, Talent Scotland, SDI	Medium term	Consideration should be given to key locations for marketing materials

## Attraction

Action	Description	Partners	Timescale	Comments
Returns	<ul style="list-style-type: none"> <li>Showcase progress within H&amp;I – connectivity, social, leisure,</li> <li>Promote benefits of living within H&amp;I – evoke nostalgic memories</li> <li>Incentivise employment opportunities – golden hellos, relocation subsidies</li> </ul>	Private sector, SCDI, Talent Scotland	Short - medium term	<ul style="list-style-type: none"> <li>Provision of incentives if financial will be subject to a number of dependencies</li> <li>Important to promote living in H&amp;I as a 'whole lifestyle'</li> <li>A number of incentive programme may already e.g. through ESF funded programmes.</li> <li>Incentives may be particularly useful for lower skilled workers entering certain sectors</li> </ul>
Welcome to Highlands and Islands	Help desk/ allocated person to provide information and signposting	HIE, LAs, Talent Scotland	Short - medium term	<ul style="list-style-type: none"> <li>Least favoured action amongst stakeholders</li> <li>Could be online signposting to information/organisation rather than person</li> <li>Danger that it may become Inverness centric</li> <li>NHS may already do something like this – possibility to learn lessons from</li> </ul>

## Attraction (continued)

Action	Description	Partners	Timescale	Comments
Relocating (Scotland/Outwith)	<ul style="list-style-type: none"> <li>Develop information packs for relocating to the Highlands and Islands (possibility for Talent Scotland to advise?)</li> <li>Promote areas within H&amp;I that are best suited to:               <ul style="list-style-type: none"> <li>Specific lifestyle</li> <li>Working in specific sectors</li> </ul> </li> </ul>	LAs, HIE, Talent Scotland Talent Scotland , Chambers of Commerce, SCDI	Medium term	<ul style="list-style-type: none"> <li>Promote areas within H&amp;I which are best suited to specific lifestyles</li> <li>Option to include skills as well as sectors</li> </ul>
Entrepreneurs/ Businesses	<ul style="list-style-type: none"> <li>Simplify the process of accessing business support</li> <li>Provide incentive for entrepreneurs/businesses to locate in H&amp;I – reduced rates, improved broadband, access to grants</li> <li>Develop an online network/cluster for entrepreneurs or sectors similar to Creative City Networks / Entrepreneurial Spark Incubator</li> <li>Promote global connectivity – international connection, superfast broadband</li> <li>Indigenous business growth supported by young people and talent integration awareness and readiness.</li> </ul>	HIE, UHI, Glasgow School of Art, LAs (Business Gateway)	Short-medium term	<ul style="list-style-type: none"> <li>Critical that global connectivity is promoted</li> <li>Support in Moray is well connected – learn lessons from approach taken</li> <li>Build on SFC/government programme to encourage and support students to start a business</li> </ul>
Education	<ul style="list-style-type: none"> <li>Create an Inward Attracting Plan for Growth of the Region’s Higher Education provision.</li> <li>Promote the unique courses and USPs of the H&amp;Is, e.g. archaeology, outdoor adventure, golf, forestry.</li> <li>Extend the presence of other HEIs in the H&amp;Is.</li> <li>Extend and promote the unique Glasgow School of Art Creative Campus</li> <li>Develop local ‘Campus Town’ initiatives to support this growth e.g., Oban, Stromness, Stornoway, Kilbeg and</li> </ul>	UHI, HIE, SFC  HIE, UHI, Local Stakeholders HIE, SFC HIE, GSA  HIE, UHI, GSA, HWU, LAs, Local	Short  Short – Med Med – long Short - Med  Med – Long	

<ul style="list-style-type: none"> <li>Forres.</li> <li>Optimise the new Inverness Campus development as an attractor of new students</li> </ul>	<p>Stakeholders UHI, Inverness College, SRUC, HIE</p>	<p>Short - Med</p>
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## Retention

Action	Description	Partners	Timescale	Comments
Young People	<ul style="list-style-type: none"> <li>Support the development and delivery of the DYW initiative</li> <li>Develop a resource for teachers/guidance councillors to access information about the opportunities in H&amp;I (education, MA, training, employment, key sectors)</li> <li>Host events/open days/meet the business days for parent/guardians to change the mindset about working in sectors/H&amp;I – influencing the influencers</li> <li>Promote the unique selling points of the Higher and Further Education provision e.g. study unusual courses, access QoL</li> <li>Support the H&amp;I SIP in developing an attractive student offering for young people</li> </ul>	HIE, SDS, LAs, UHI	Short – medium term	<ul style="list-style-type: none"> <li>Most important to showcase opportunities and dispel myths.</li> <li>Make use of Scottish Apprentice Week content</li> <li>Consider how to maintain contact with those that have moved away for education</li> </ul>
Working Age	<ul style="list-style-type: none"> <li>Showcase career pathways (opportunities throughout the H&amp;I)</li> <li>Business support to encourage growth of existing indigenous businesses</li> </ul>	SDS, HIE, LAs (Business Gateway)	Short term	<ul style="list-style-type: none"> <li>Structured programme of employment fairs across each of the LA areas, bringing employers and jobseekers, students together</li> </ul>
Passport to Career	<ul style="list-style-type: none"> <li>Investigate opportunity to develop a “passport” approach that would give young people clear and continual support in early stage careers</li> </ul>	SDS	Short term	<ul style="list-style-type: none"> <li>Ties in very much with the Opportunities for All agenda - helping young people to take ownership of their learning and career paths</li> </ul>
Public sector employment	<ul style="list-style-type: none"> <li>Review future employment requirements of public sector and review options for transition training</li> </ul>	SDS	Short/ medium	<ul style="list-style-type: none"> <li>Budget cuts may result in the reduction in public sector jobs therefore transition skills are useful.</li> </ul>



## Appendix A: Good Practice Case Studies

The Tendensor report highlights a number of examples of good practice in terms of talent attraction and retention approaches. We have summarised five case studies below.

### **Bizkaia:talent**

They initiated their efforts 10 years ago to limit a brain drain in the region of local people expatriating themselves. Today, with a relatively high unemployment rate, the efforts of the organization does have a strong emphasis of securing that newly graduated local Basque's get employed in Basque based organizations.

Activities include: Be Basque Talent Network; International networking seminars; Relocation services; Financial aid; Professional support services; Talentia service (a service aimed at university students); fairs and shows; and marketing and promotion.

### **Brainport Eindhoven Region:**

The main partnership for talent attraction and retention is a public-private partnership called *Brainport Talent Centre* (BTC), which is coordinated by Brainport Development. It comprises Brainport Development, private sector, and knowledge institutes, with activities private funded to 75%.

Activities include:

- general marketing and branding efforts, ‘
- talent sharing’ in joint talent pool,
- training programmes for international students and
- the development of global partnerships for talent attraction and mobility.

The latest addition to the work is an innovative, peer-to-peer marketing initiative revolving around content, stories, challenges and events of professional interest to IT & tech professionals. Brainport Development also collaborates closely with regional organisations in charge of soft landing and ‘living in’ activities.

**Copenhagen Capacity:** They offer both an innovative approach with concrete innovative and inspirational products as well as an insightful strategy related to optimizing the required regional and nationwide ecosystem of private and public talent entities to support the complete life-cycle of an expat relocation process.

As a foreign direct investment agency, Copenhagen Capacity has spent 20 years creating economic growth in the region measured by job creation stemming from foreign investors setting up a physical entity in the Greater Copenhagen Region. Copenhagen Capacity has managed to transfer this know-how to develop with company-focused services aiming at providing economic growth through talent attraction of international competences or retention of international talents.

Activities include:

- Toolbox to improve employer branding
- Free recruitment campaigns
- Free app for international recruitment
- Company Challenge

**Montréal International** This is the organisation in the Greater Montréal region that is responsible for the talent attraction management activities. An investment promotion agency, it has the mandate to attract foreign direct investments, international organizations and international strategic workers as well as promoting the competitive and international environment of Greater Montréal.

Key activities include:

- Targeted recruitment missions
- International mobility services
- Branding and marketing
- Ambassador network

**Start-Up Chile** is an accelerator programme, focused on attracting promising entrepreneurial talent to Chile by providing start-ups with a range of services:

- One year work-visa
- Equity-free seed capital
- Soft-landing services
- A cultural experience, including proximity to local entrepreneurial talent

## Appendix B: List of Organisations Consulted

**Table B.1: List of Stakeholder Organisations Consulted**

<b>Organisations</b>
Bord Na Gaidhlig
Construction Industry Training Board
Comhairle nan Eilean Siar (x2)
Federation of Small Business
Glasgow School of Art
Highlands and Islands Enterprise (3)
Highlands and Islands Science Skills Academy
Highlands and Islands Skills Investment Plan Programme Chair
Highland Council
Inverness Chamber of Commerce (including Developing the Young Workforce) (x2)
Moray Council
Orkney Islands Council
Inverness College
Lewes Castle College
Orkney College
Scottish Council for Development and Industry
SDS (x2)
Shetland Islands Council
Talent Scotland
University of Highlands and Islands