Benchmark Review of the Cairngorms National Park for the Cairngorms Economic Forum 2013

FINAL REPORT

Report prepared for Cairngorms National Park Authority on behalf of the Cairngorms Economic Forum

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Cairngorms National Park:
Benchmark Review

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1 Executive Summary

This report was commissioned by the Cairngorms National Park Authority on behalf of the Cairngorms Economic Forum. The purpose of our work was to provide the Forum with information and insights that will help it develop an Economic Diversification Strategy and Action Plan for the Park.

In this report we:

- Update the key information set out in the original Benchmark Review in April 2011 and the Health of the Park report 2010, and highlight the most important changes
- Present a series of detailed 'cluster maps' for the main industrial clusters in the National Park and use these maps to suggest some of the opportunities that may exist to strengthen each cluster through indigenous business growth, business diversification and targeted inward investment.
- Review relevant existing strategies and other related documents, drawing out of these issues and approaches that need to be taken into account in developing an Economic Diversification Strategy.
- Draw on all this work to identify some suggested themes and focus for an economic diversification plan.

Our main findings are:

The economy of the Park

- All the signs are that the economy has grown significantly stronger since the original benchmark study.
- Employment has increased by 400 or 4.5% since the last Report. In the light of a background of continued depressed levels of activity across Scotland and the UK as a whole this is presents a very positive picture.
- The number of unemployed claimants living in the Park is currently 112[1], having exceeded 200 in spring this year. Historically this figure has approached 1,000, but in mid-2008, even after the recession had started, it was below 80. The trends in the Park have not been dissimilar to those in Scotland as a whole. After the early 1980s recession, and late 1980s partial recovery, the labour market worsened badly from 1991 to 1993. There then improvements, sometimes fast, sometimes slow, but more-or-less continuous, until summer 2008. In the space of only a year after the banking crisis of Autumn 2008 there was a large step up, almost a doubling from an underlying level of 90 to a level of 170. This level has been maintained for more than four years, until very recently. However in June and July of 2013 there have been significant falls in unemployment. It is too early to say whether these last two months' figures herald a durable recovery, but they are the most marked downward movement in unemployment for sixteen years.

[1] In the original 'Health of the Park' report unemployment for the Park was estimated by combining figures for electoral wards. In this report we have been able to measure it more precisely, using Scottish datazones, so the historical figures differ slightly.

The population of the Park continues to grow by roughly 250 people a year and we estimate that it is now passed 18,000.

The industrial clusters of the Park

- The ***Park's largest cluster, centred around tourism, has developed significantly***. The main reasons are three cold winters which have boosted skier numbers, and movements in the economy and particularly sterling which have encouraged British-centred holidays, at the expense of overseas ones. Local businesses have drawn strength from these, but maintaining investment is essential to turn this windfall into lasting benefit.

- The tourism offering is very strong on accommodation, sport, and historic and natural attractions, but the Park's offering on ***food service is comparatively much less successful***, and on ***retailing is patchy***. Cultural tourism, including education, visual arts and entertainment would merit attention. Transport for visitors is very dependent on private motoring, a situation which is fragile and constraining, so enhancing the public service infrastructure is indicated, as it was in the *Health of the Park* Report. Inward investment from appropriate themed accommodation/ attraction providers (eg Center Parcs) and chained budget hotels merit discussion, but there are pros and cons to weigh.

- There appears to be scope for both ***leisure and production uses of the Park's forest resource*** to be broadened, increasing general accessibility and specific uses of the forest, and paying detailed attention to efficient energy uses.

Business structure and support

- Most businesses in the Park are micro-businesses employing less than 10 people. There is now a range of evidence from elsewhere in the Highlands and Islands and more widely across the UK to confirm the potential impact of providing a ***support service for micro-businesses*** which focused on business growth through recruitment and we describe how this could be implemented in the National Park.

- More generally the current business support service is fragmented and there appears to be an opportunity to enhance it to ensure that across the Park small businesses have a ***clear and coherent support service which achieves the best standards in Scotland*** – so developing an image that the Park is an excellent place to start and build a small business.

- One of the most important parts of the infrastructures of a local economy is the ***presence and scale of Further and Higher Education facilities***. Currently there is a significant gap in this area in the National Park. Given the educational assets of the area – from geology and geomorphology through botany to wildlife and cultural and historical assets – more investment from educational institutions (including UHI and affiliates) might be expected and there is a case for making education a key target for inward investment. Such investments can make a significant difference to reducing the number of young people who leave the area, and can also help to attract young people to the area. They can attract new kinds of people to the area (eg teachers and researchers) and studies elsewhere (for example, on the impact of the Crichton Campus in Dumfries) show that such investments can bring a significant return in terms both of changing young people's migration patterns and contributing in other ways to the local economy.

- The other missing component is an effective way of ***monitoring the evolving skill and recruitment requirements*** of local businesses and ensuring that this is available in a useable form to training and employability providers.

From our review and cluster analysis and examination of relevant good practice, we are recommending to the Cairngorms Economic Forum that the themes of an appropriate economic diversification strategy should include:

- Ensuring that the ***growth potential of existing businesses is fully realised*** through appropriate support
- Drawing on the cluster analysis to:
    - Help existing businesses be clear about the ***scope for expansion and diversification*** and how to achieve this
    - Develop a targeted effort to ***attract businesses which can contribute to the success of key clusters***
    - ***Broker connections*** between businesses which will strengthen existing clusters
- Creating the conditions and support to make the Cairngorms ***a great place to start a business***
- Specifically, developing a coherent and coordinated approach to the development of the area's ***micro-businesses***, with the aim of becoming the best place to start and grow businesses that can thrive in a rural area.
- Taking forward work to ***strengthen the local presence and significance of FE and HE facilities.***
- Connecting ***employer needs and local skills***. Ensuring that local schools and those seeking work are being helped to gain the skills they need to thrive in work and contribute to local business success.

2 Study remit and report structure

This is a report on a study commissioned by the Cairngorms National Park Authority on behalf of the Cairngorms Economic Forum to:

- Review and update the existing evidence base (as set out in the Economic and Social Health of the Park Report, 2010)
- Review initial research on existing plans and strategies including findings of an initial workshop undertaken by the CEF
- Carry out analysis of the economic 'clusters' in the Park as identified in the Economic and Social Health of the Park Report 2010 to identify relevant economic gaps and opportunities that could inform the Economic Diversification Strategy
- Establish a suitable mechanism for longer-term monitoring of performance and progress of the baseline data.

The Report is structured as follows:

- Chapter 3 describes the employment structure of the Park and how employment has changed since the last report
- Chapter 4 describes changes in the demography and population of the Park
- Chapter 5 describes the local labour market and the changes that have taken place
- Chapter 6 describes the structure of clusters in the Park and identifies the most significant features of this structure
- Chapter 7 describes the most important cluster – that focusing on Tourism and identifies some possible areas of opportunity for further development
- Chapter 8 describes the Forest Cluster and draws out the possible opportunities for further development
- Chapter 9 describes the Food and Agriculture cluster
- Chapter 10 describes the Housing and Construction cluster
- Chapter 11 draws on existing plans, strategies and other relevant documentation to identify the policies and issues that need to be taken into account in an Economic Diversification Strategy
- Chapter 12 summarises the issues for the Cairngorms Economic Forum in developing their Strategy and our recommendations for the key themes of such a strategy.

3 Employment

There are nearly 9,400 jobs in the Park, and hotels and catering is by far the biggest of the conventional industrial sectors, bigger even than retailing and agriculture (Figure 1 overleaf). There has been an increase of 400 jobs or 4.5% since the last Report. In the light of a background of continued depressed levels of activity across Scotland and the UK as a whole this is presents a very positive picture.

When we look at this structure in much more industrial detail, and focus on industries where Cairngorm differs from the British norm, we get a remarkable picture (Figure 2 on page 7).

The forest resource has a very distinctive effect, underlying every one of the top five industries. Next are many activities which are part of the tourism cluster, including of course a significant part of local distilling employment.

'Other food and drink', and 'quarrying' are the main other industries strongly localised in the Cairngorms.

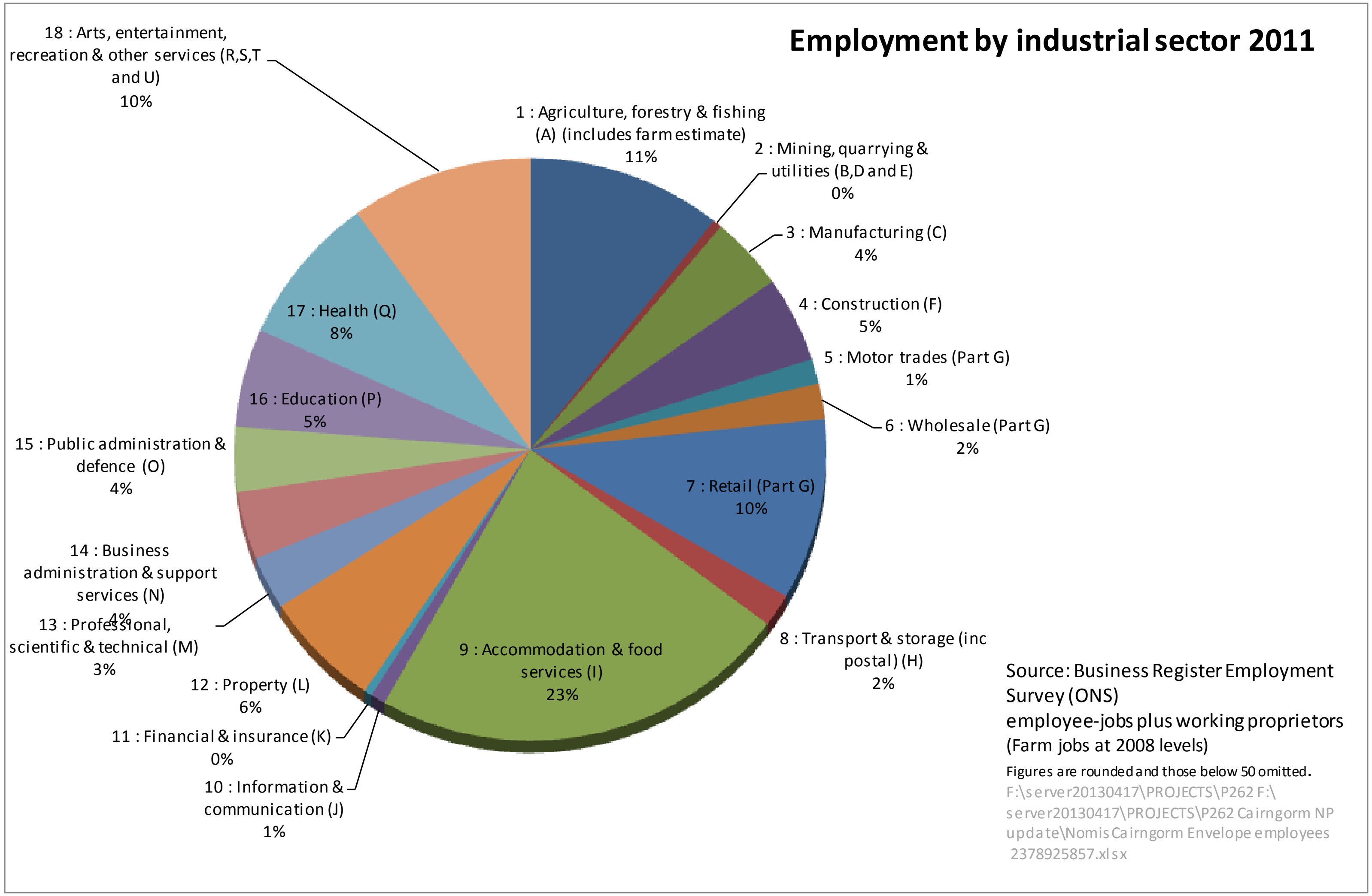


Figure 1: Employment by industry sector

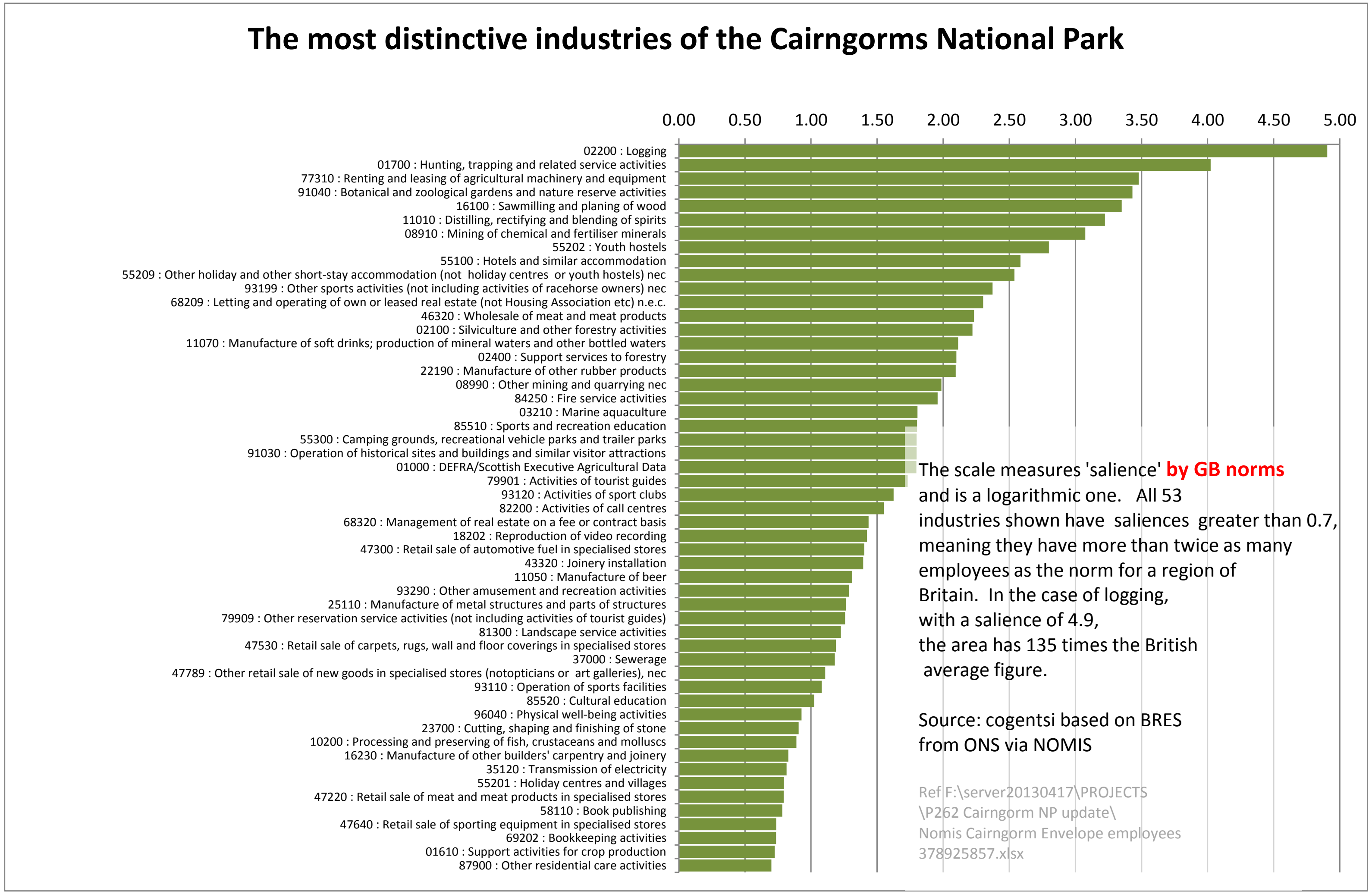


Figure 2: The most distinctive industries of the Cairngorms National Park

4 Demography and population

4.1 Updating

We have been able to add three, and for some variables five, additional years' demographic data. In addition, upon inquiry, National Records of Scotland have changed some historic data at datazone level. Although this report is written in late 2013, the results do not yet incorporate the results of Census 2011. Those results will be available in preliminary form in about two months' time, but the detailed cross-tabulation and calculation needed for a full demographic analysis may be a year or more after that. History *will* be rewritten when the Census is released, but indications from a national level are that the rewriting will not be excessively dramatic, and what we say below should be a reasonable guide for decisions and action.

4.2 Trends

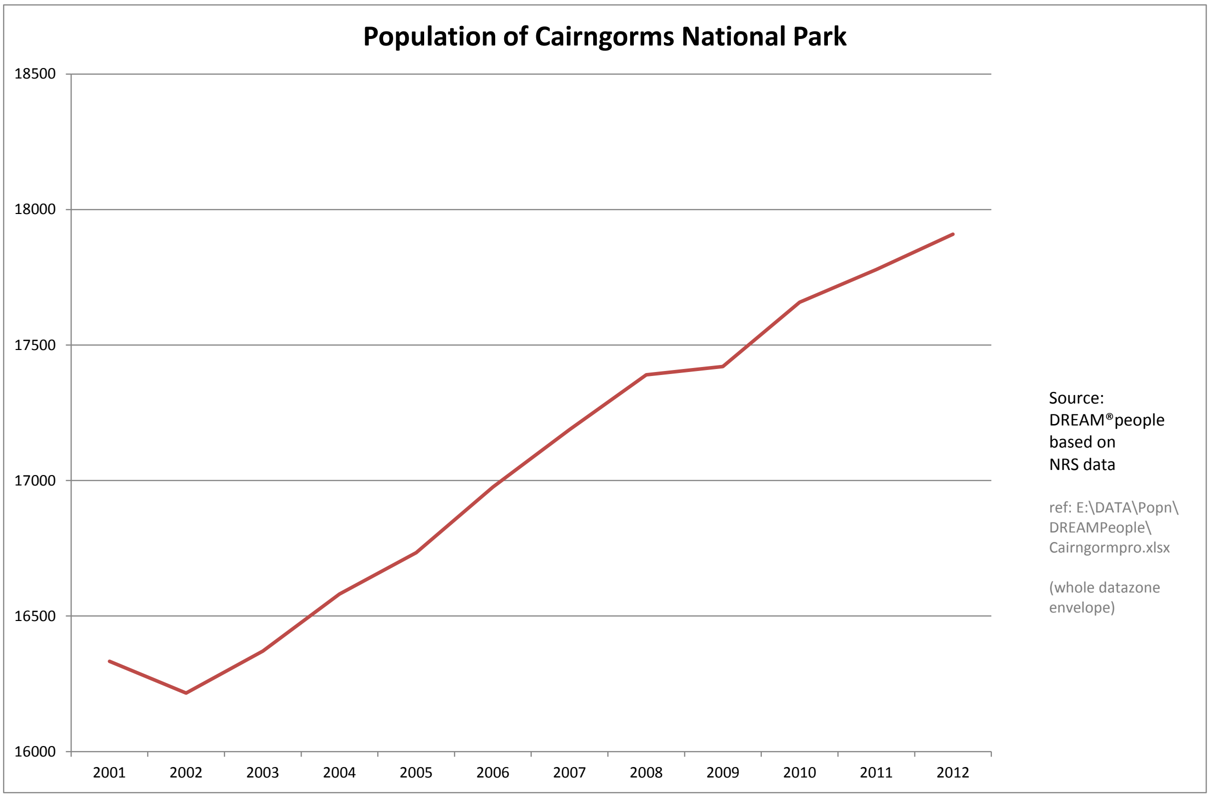


Figure 3: Total population

The Park's population continues to grow, as it has since designation, and has probably now passed 18,000. (Note that for consistency with the *health of the* Park report these figures refer to whole datazones enveloping the Park, not to a proportional split).

As an older population, deaths tend to exceed the number of births. However births have risen somewhat since 2006, and deaths have declined since 2008, so this 'natural' decline has become significantly smaller since 2006-2008. It has been offset by substantial net in-migration, except in 2002 (Figure 4).

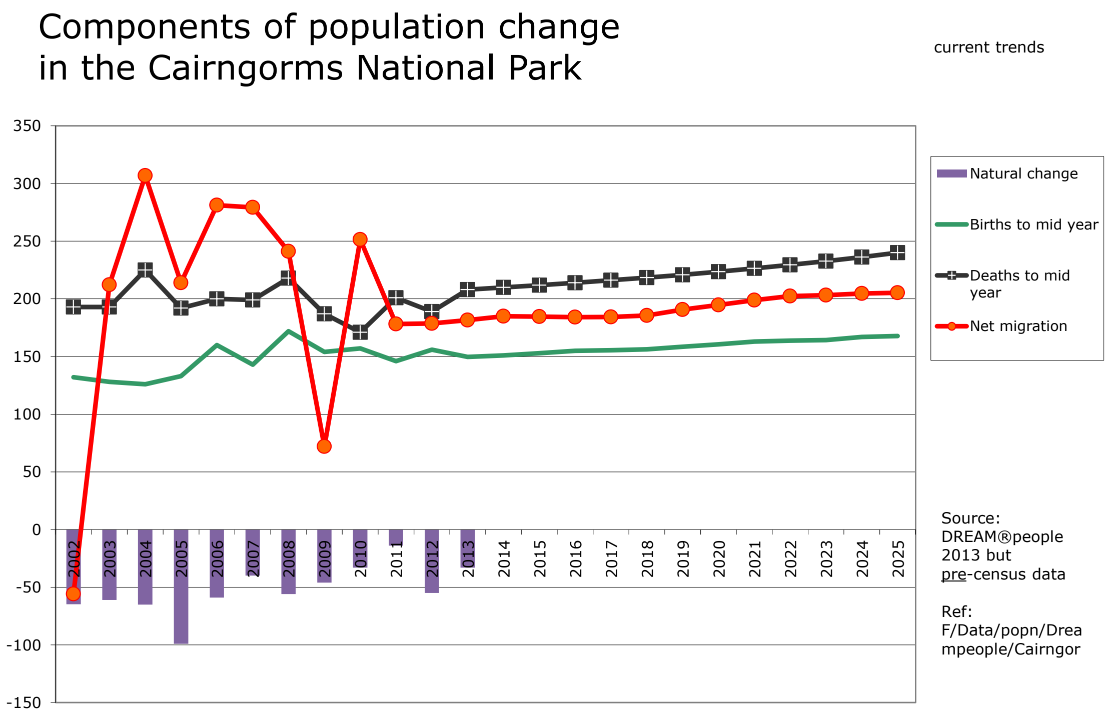


Figure 4: Components of population change

Some of the changes in migration are likely to have been related to property market issues, notably the sluggishness of the market right across Scotland and the UK (Figure 5). Not only have house prices been static or declining, the national volume of sales collapsed in the recession, from 650/day to 300/day, so it is very likely that many people wanting to move to the Park were denied the chance.

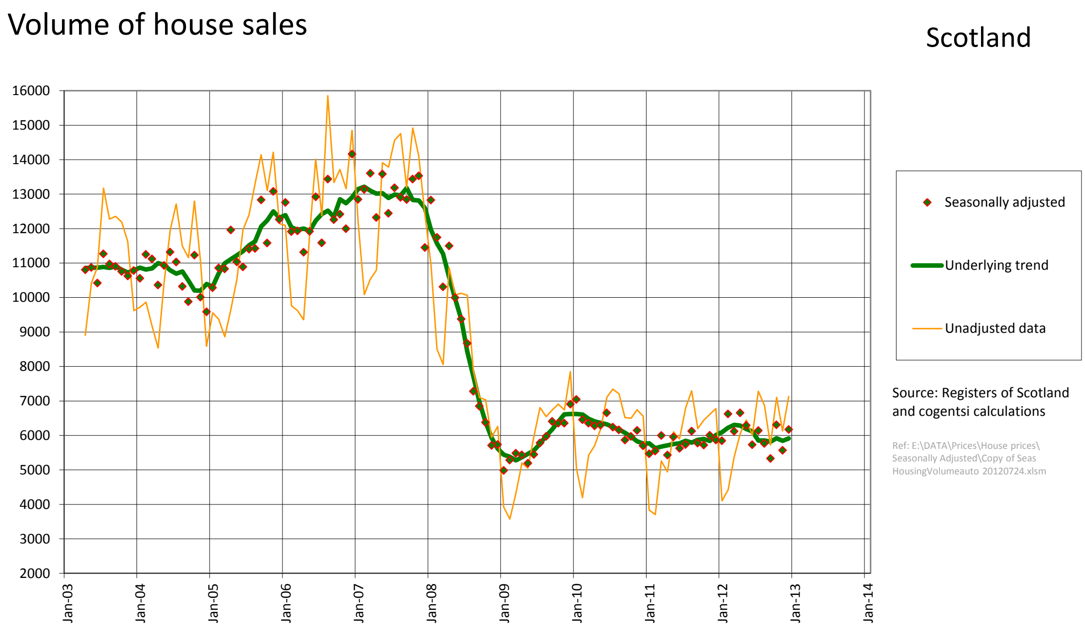


Figure 5: The collapsing Scottish housing market of 2008

The age pattern of net migration was substantially discussed in the *Health of the Park* report. Broadly, young children move in with their parents, secondary age children move out due to the lack of secondary schools in the main population centre, young people leave in substantial numbers at the entry age for higher education. There is net in-migration of prime working age people from 20 to 60, and then on average there is no net movement.

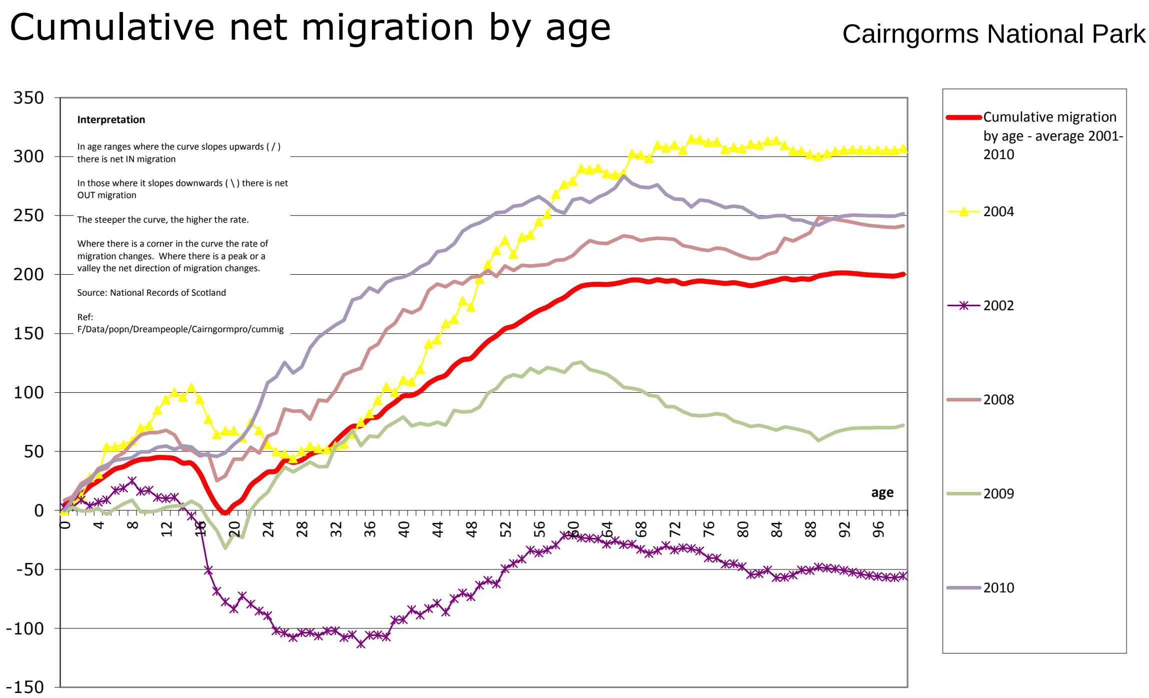


Figure 6: Five age-specific migration patterns

The last three years have seen some notable shifts in this pattern. In the history of the Park, 2008 and 2010 were the strongest years for prime age in-migration, and associated with this were very strong inflows of young children. The outmigration of young people declined significantly.

In 2008 and 2010 there was significant outmigration of over-60s. This happened across most of the older age range in 2009, but there was an inflow of people in their 80s, which may have been associated with expansion of the care home structure.

This very positive picture is undoubtedly a combination of both supply and demand elements: suitable housing for families being available, and the Park offering a pleasant environment where work can be found.

The pleasantness of the environment is also illustrated by mortality statistics, which show that age-for-age the death rate in the National Park is normally less than 90 per cent of the Scottish level (Figure 7).

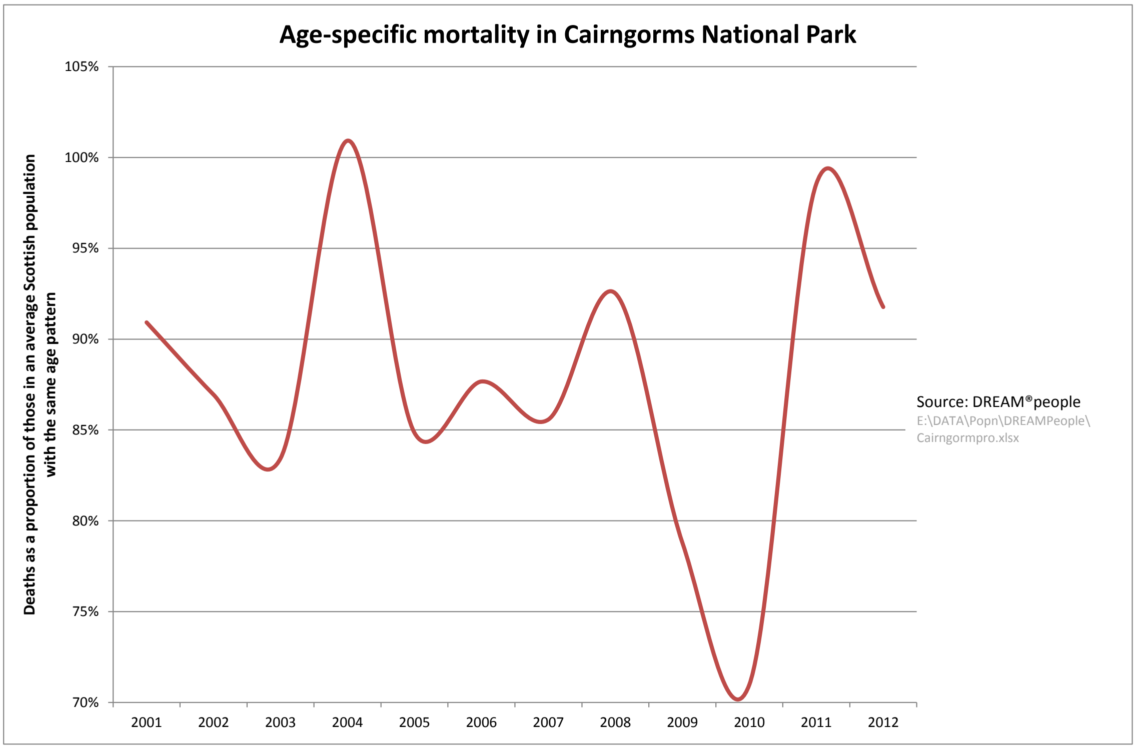


Figure 7: Park people live longer

Projection into the future, based on continuing the patterns of the past ten years, would indicate considerable future population growth, at a rate of about 125 per year:

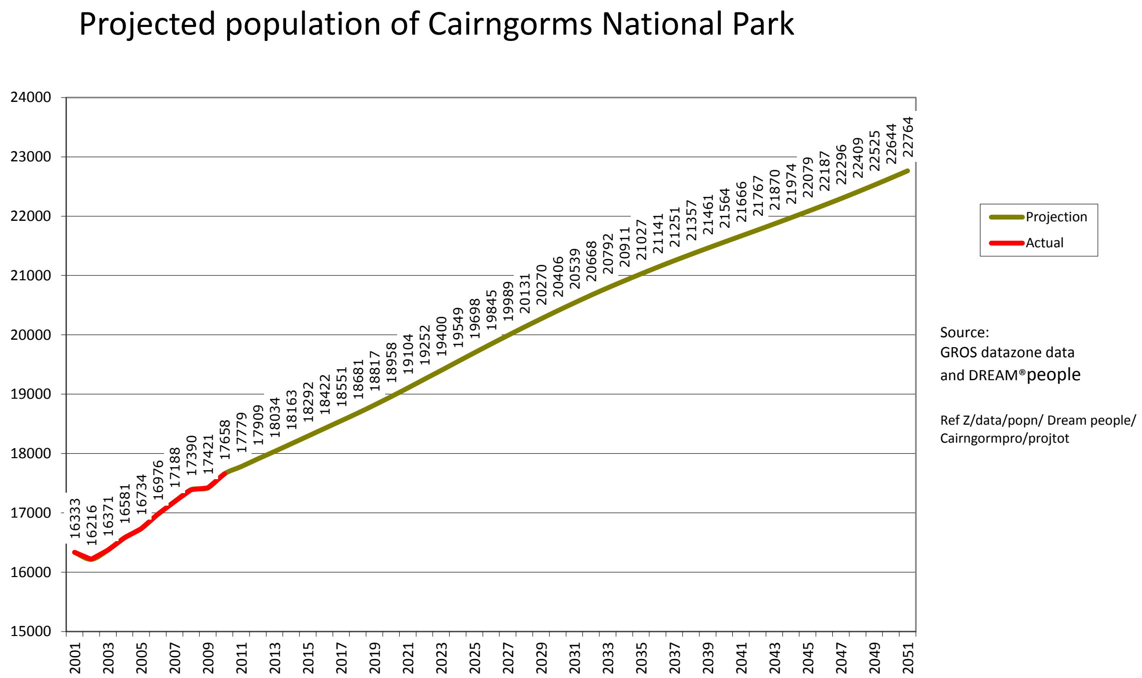


Figure 8: If present trends continue…

This is something which both the business community and the Park Authority can influence. We emphasise that these calculations should be re-done when the Census results are available.

5 The state of the labour market

Local employment statistics are only published after a considerable delay (the latest available from ONS are for September 2011) so, in addition to its importance for itself, unemployment is by far the most up-to-date measure of the labour market.

The number of unemployed claimants living in the Park is currently 112[2], having exceeded 200 in spring this year. Historically this figure has approached 1,000, but in mid-2008, even after the recession had started, it was below 80. To understand the patterns we must separate out seasonal patterns and the long term shifts.

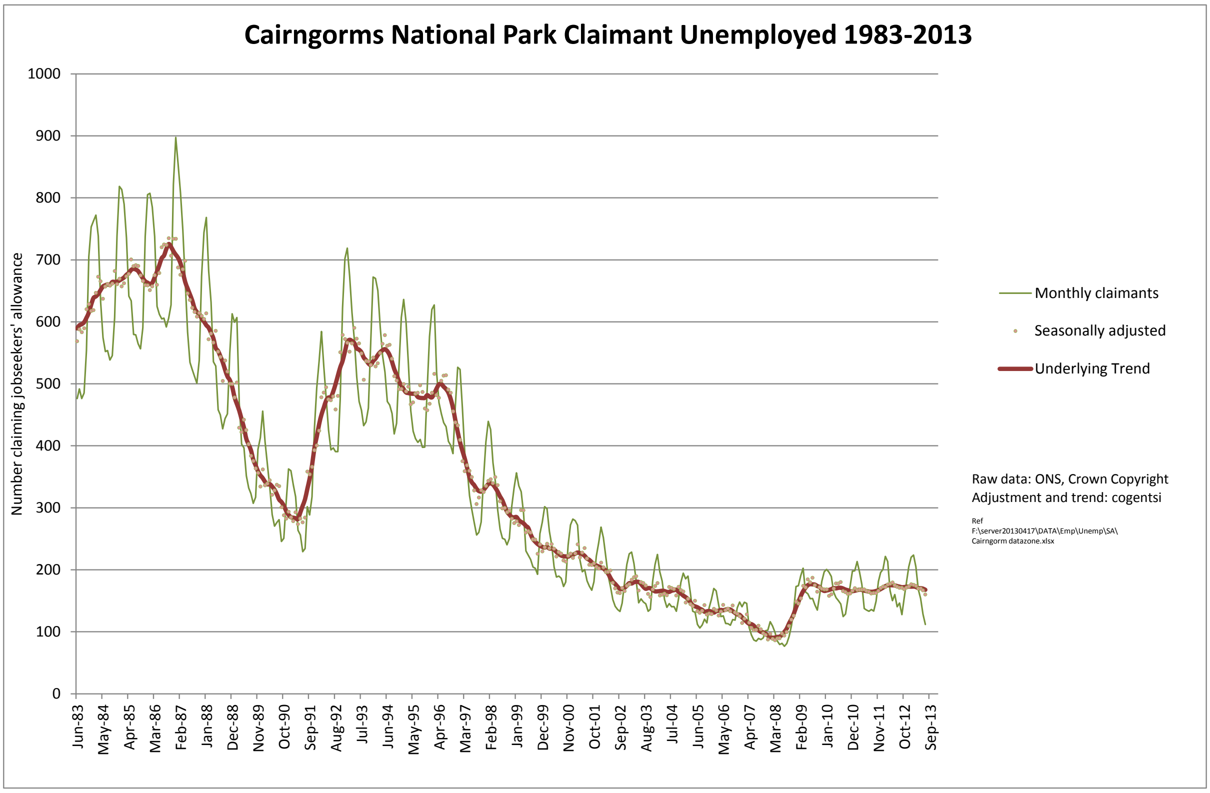


Figure 9: Claimant count

Thus the trends in the Park have not been dissimilar to those in Scotland as a whole. After the early 1980s recession, and late 1980s partial recovery, the labour market worsened badly from 1991 to 1993. There then improvements, sometimes fast, sometimes slow, but more-or-less continuous, until summer 2008.

[2] In the original 'Health of the Park' report unemployment for the Park was estimated by combining figures for electoral wards. In this report we have been able to measure it more precisely, using Scottish datazones, so the historical figures differ slightly.

Evolution since the global financial crisis hit is shown in Figure 10 below. In the space of only a year there was a large step up, almost a doubling from an underlying level of 90 to a level of 170. This level has been maintained for more than four years, until very recently. However in June and July of 2013 there have been significant falls in unemployment. It is too early to say whether these last two months' figures herald a durable recovery, but they are the most marked downward movement in unemployment for sixteen years.

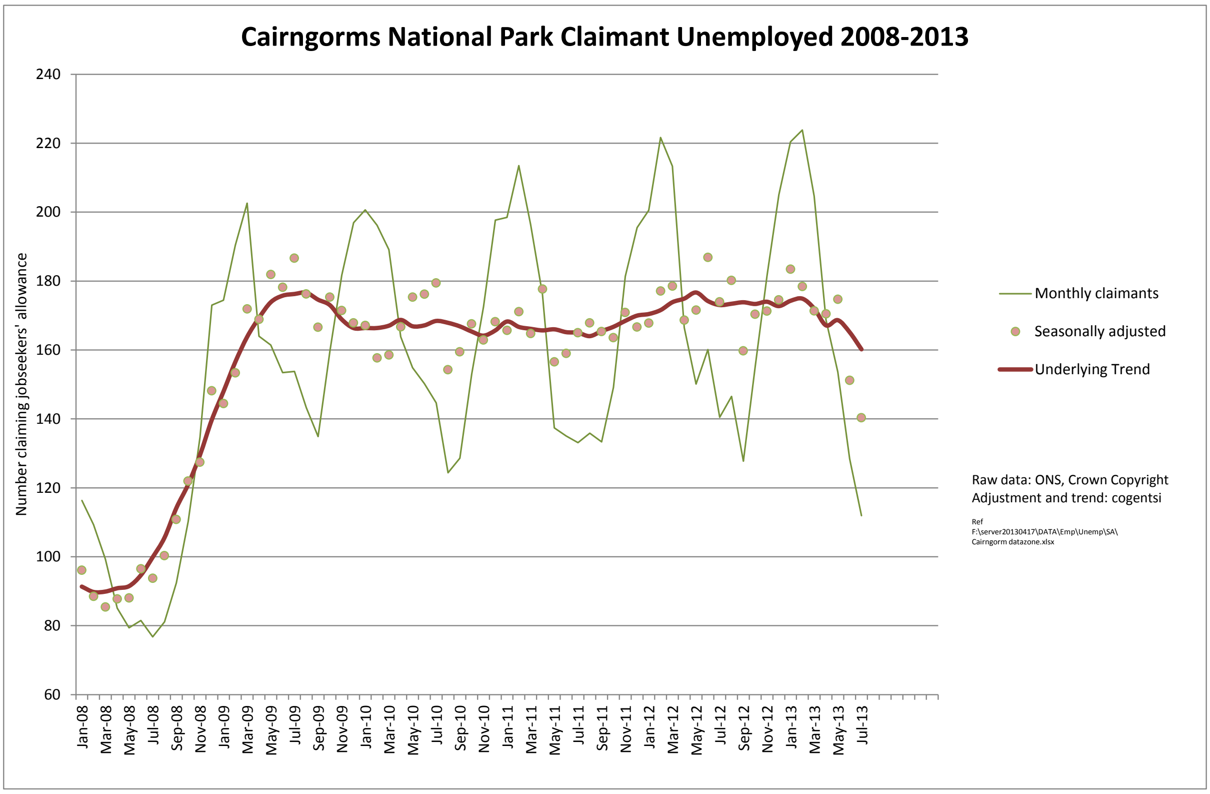


Figure 10: Recent labour market developments

Similarly, visually there is a hint that having narrowed considerably over thirty years, the amplitude of the seasonal swings in unemployment may be widening again.

6 The Cluster Structure of the Park Economy

Figure 2: The most distinctive industries of the Cairngorms National Park can be shaded to group related industries together and this is shown in the 'salience' diagram (Figure 11 overleaf). A cluster is a group of industries and activities whose interrelationships support each other's performance, and for this update we have followed the cluster grouping adopted in the Health of the Park report. This is shown in the key to the right of the chart.

Clusters overlap – for example forest tourism activities are part of both the forest cluster and the tourism cluster, and distilleries with visitor centres likewise belong to the two clusters of drinks and tourism. Indeed, this overlapping is often a source of mutual strength, as it gives each cluster a differentiated local profile, and enables transfers of skills across very different industries.

In Figures 11 and 12 covering the entire Park economy, all 'overlapping' employment has been divided up between its two or three clusters, so that the total employment adds up to the Park total. This means that the figures shown against each cluster in Figure 6 should be considered a 'minimum' figure for the people employed in that cluster.

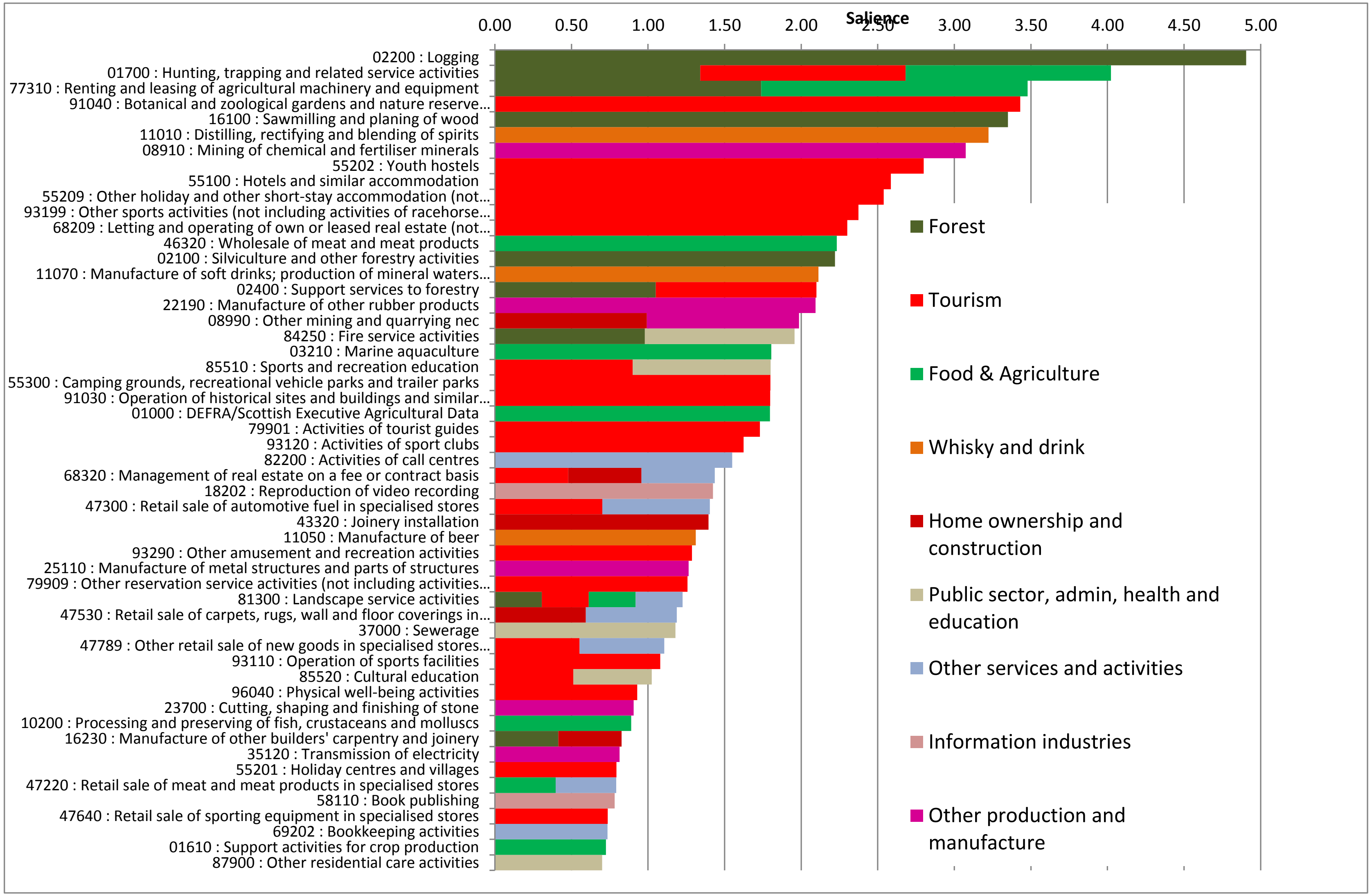


Figure 11: Distinctive and competitive industries grouped in clusters

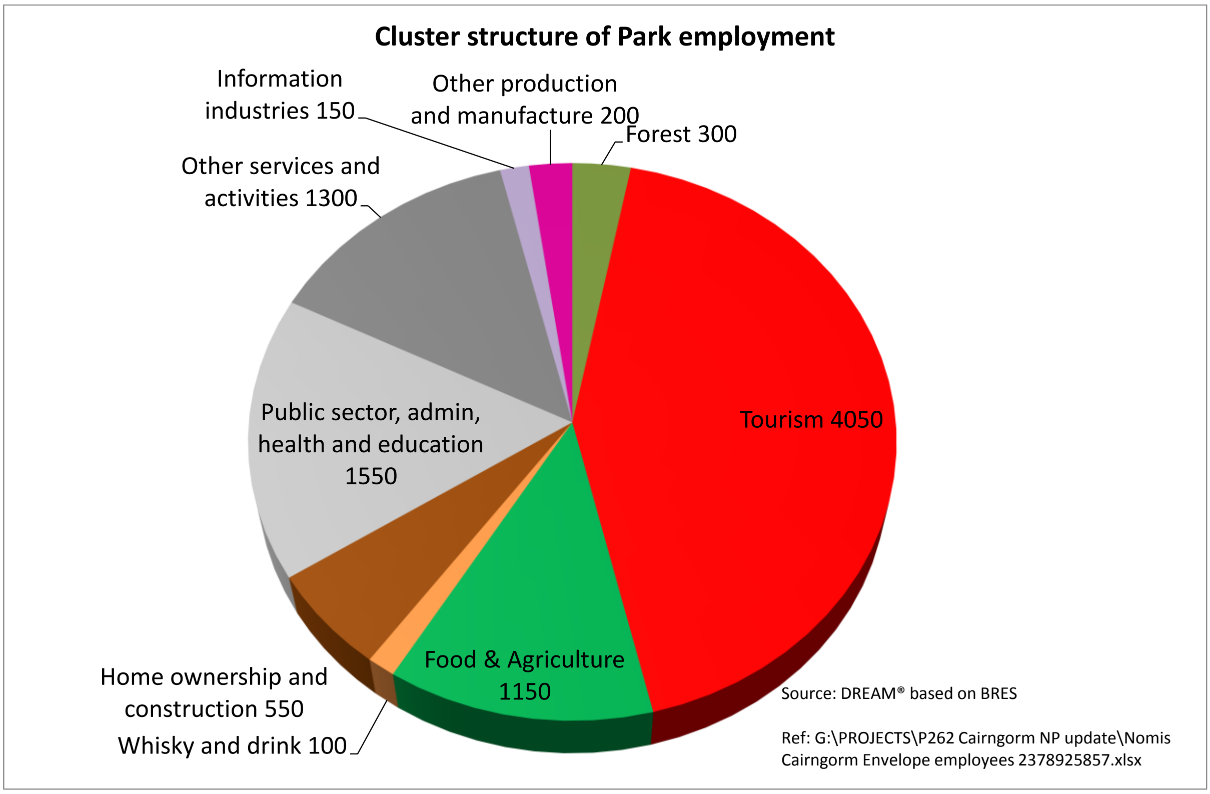


Figure 12: Employment by cluster

What Figure 12 shows is that while the tourism cluster dominates in terms of employment (ie most jobs relate to visitors and tourists spending money locally), it accounts for less than half of the Park's employment and there are other significant clusters, in particular Food and Agriculture and Home ownership and construction. All areas of the UK have a significant public sector, administrative, health and education cluster and in fact in the Cairngorms National Park this cluster is relatively small.

In the following pages we describe in detail the three most significant clusters: Tourism, Food and Agriculture, Forestry and Home ownership and construction.

7 The Tourism Cluster

With around 4000 employees, the broadly defined tourism cluster is by far the largest employer in the Park. Badenoch and Strathspey in particular is the most tourism-intensive district in the United Kingdom. In terms of the statutory purposes of the Park, providing opportunities to visitors is probably the most powerful way the benefits of designation can be realised by the people of Scotland and of the world.

7.1 Monitoring tourism since 2010

Tourism is not easy to monitor. The Cairngorms implementation of a new Scotland-wide monitoring model for tourism, DREAM®trip, is under construction. However, evidence already gathered is very positive about developments over the past few years, and suggests that the upward trends identified in the Health of the Park report have largely continued, partly despite and partly because of the economic recession. The number of visits to tourism attractions has risen in each of the past four years – in total by 18 per cent – and in three of the past four seasons the number of skiers has been about double the low figures that pertained in the mid-noughties, substantially due to cold winters. However spring and summer season weather has also been cooler, and quite wet, so it has not been so favourable to the tourism trade. A9 traffic is in broad terms a good tourism barometer – figures have been a little erratic year-to-year, but the general trend is constant or upwards, with weekend traffic about 4 per cent higher in 2010/11 than it was in 2004/5. The Cairngorms Business Barometer, prepared by Lynn Jones for the Cairngorms Business Partnership has shown fluctuations in results and occupancy, but investment and expectations are positive

The Health of the Park report found that historic mechanisms for tracking trends in tourism were questionable. In particular, it found that the STEAM model from GTS showed a steep decline in tourism numbers and revenues for the Park, while direct evidence of visits to attractions, skier numbers, employment in the hospitality and related industries, and traffic on the A9 were all increasing. Real GVA in the hospitality sector also seemed to be on the rise, according to the economic model of the Park.

Nationally, most users are replacing the STEAM model, and over the next few months new methods for tracing the local economic role of tourism across Scotland are being put in place. The new DREAM®trip model[3], commissioned by VisitScotland, will combine evidence from a number of sources and provide estimates compatible with the main UK tourism surveys and with other economic data. Most local authorities and the two National Parks are subscribing and will receive a series of monthly ‘dashboards’ highlighting the number of visits and visitor expenditure in their area, and quarterly and annual reports on the state of the industry.

[3] DREAM® is a registered trademark, property of Cogent Strategies International Ltd

7.2 Visits to tourism attractions

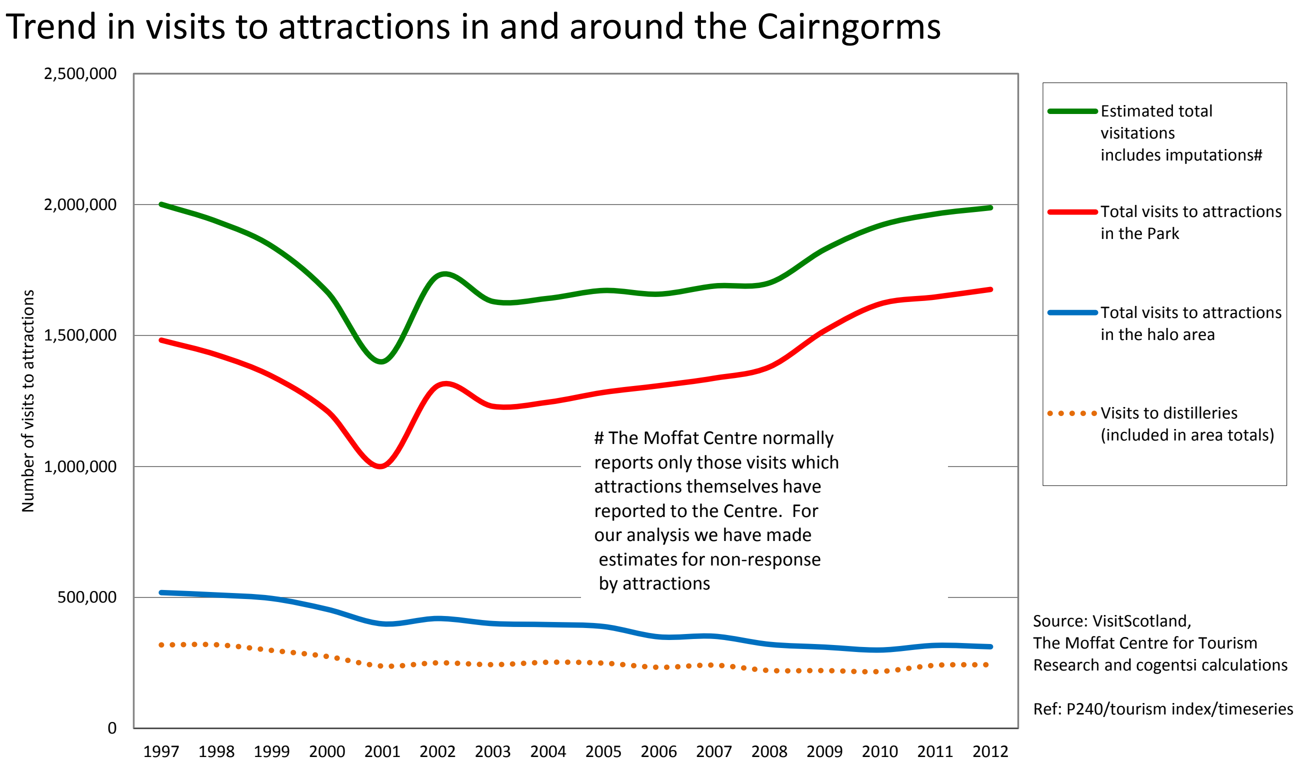


Figure 13: More visitors for attractions in the Park

The addition of four extra years' attractions data provides an important perspective on long term tourism trends. Before the creation of the Park there was a significant downward trend in attraction visits, from 1.5 mn in 1997, when data collection for the Visitor Attraction Monitor began, to 1.0 mn in 2001. That was the year that saw the foundation of the Park and (in the closing days) the opening of the Mountain Railway. Since then there has been a clear upward trend in attraction visits to a level of 1.7 mn in 2012, and apart from a dip in 2008 (which was concentrated on distillery visits) this has continued throughout the economic recession. However, as shown in both Figure 13 above and Figure 14 overleaf, the number of visits to the area around the Park, the geographical 'halo', has continued to decline.

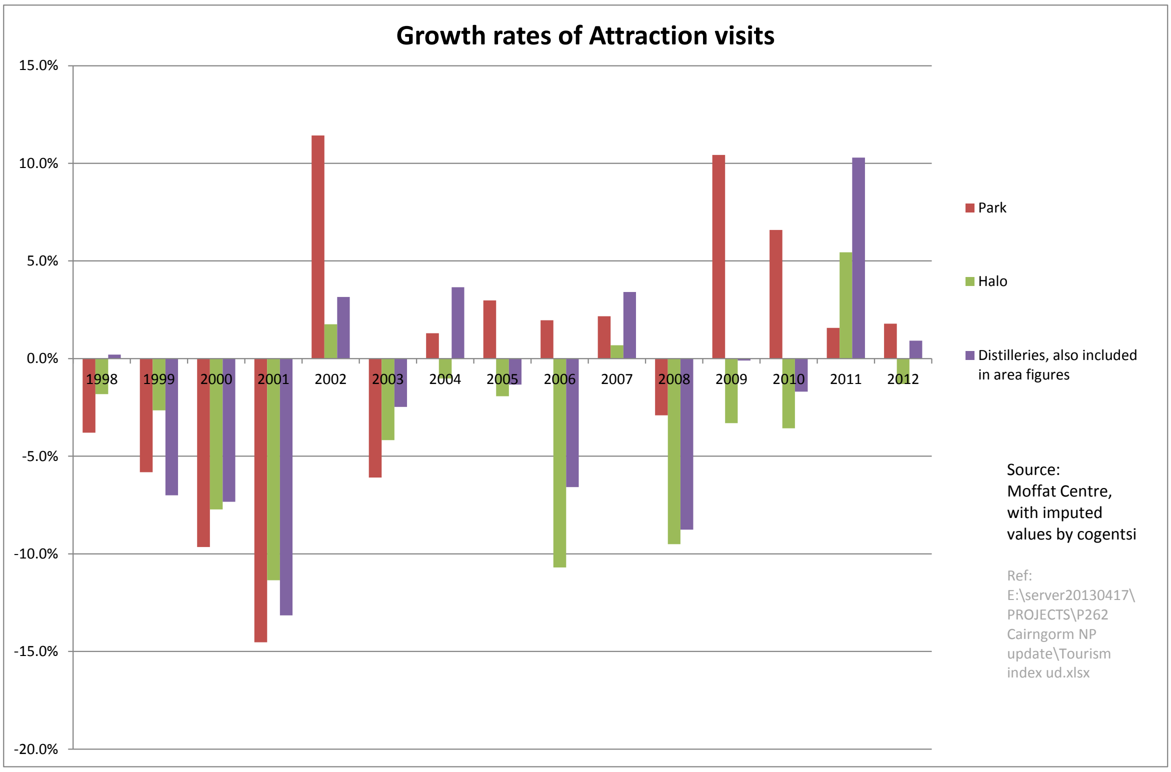


Figure 14: Annual growth rates of visits to Cairngorms tourism attractions 1998-2012

Cairngorms NATIONAL PARK

Table 1 Reported and estimated visitor numbers at attractions in the Cairngorms

Visitor attraction	Local Authority	Park / Halo	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Landmark Forest Adventure Park, Carrbridge	Highland	Park	162	156	149	135	113	140	132	133	135	134	141	127	142	132	127	131
CairnGorm Mountain Railway (excluding skiers)	Highland	Park	-	-	-	-	2	169	187	161	163	156	150	145	216	267	273	277
Blair Castle	Perthshire	Park	146	136	153	134	117	132	132	141	135	148	150	133	135	139	135	118
Rothiemurchus Estate	Highland	Park	299	289	230	171	103	78	34	54	74	91	111	249	306	352	350	383
Glenmore Forest Park Visitor Centre	Highland	Park	64	75	70	68	77	90	90	92	97	102	105	69	58	78	79	81
Speyside Heather Centre, Dulnian Bridge	Highland	Park	86	83	82	72	58	69	63	64	73	71	76	81	72	61	66	60
Balmoral Estates	Aberdeenshire	Park	75	84	80	73	60	77	70	65	65	64	60	58	60	53	59	58
Highland Wildlife Park, Kingussie	Highland	Park	56	58	61	64	58	63	65	64	66	67	63	79	126	123	98	121
Strathspey Steam Railway	Highland	Park	64	62	59	53	45	55	52	56	53	49	62	62	67	70	72	72
Loch Muick & Lochnagar Wildlife Reserve	Aberdeenshire	Park	59	57	54	49	41	51	48	48	49	48	48	21	18	17	20	20
Revack Estate, Grantown	Highland	Park	60	58	55	50	28	36	37	35	35	40	30	7	7	7	6	5
Loch Garten Osprey Centre	Highland	Park	40	38	36	33	28	34	32	32	33	36	31	52	50	41	60	55
Glenshee Ski Centre	Angus / Aberdeenshire	Park	43	42	40	36	30	38	35	36	36	42	9	19	23	22	27	23
Blair Athol Distillery, Pitlochry	Perthshire	Park	38	37	32	30	31	33	31	31	32	33	37	30	31	31	43	47
Dalwhinnie Distillery	Highland	Park	36	25	27	30	25	25	25	25	22	19	20	19	23	22	27	23
Highland Folk Museum, Newtonmore	Highland	Park	24	23	22	20	17	20	19	18	17	17	37	32	41	51	54	50
Highland Folk Museum, Kingussie	Highland	Park	26	23	30	33	38	36	16	14	7	7	14	3	0	0	0	0
Watermill & Tearoom, Blair Atholl	Perthshire	Park	12	12	11	10	9	11	10	23	31	28	31	35	38	45	36	35
Cairngorm Reindeer Centre	Highland	Park	16	17	14	17	8	18	17	18	18	18	19	21	18	17	20	20
Royal Lochnagar Distillery Visitor centre	Aberdeenshire	Park	41	37	16	11	11	11	11	11	12	9	10	8	9	10	13	14
Braemar Castle	Aberdeenshire	Park	25	17	19	16	15	13	14	12	13	13	13	13	14	15	15	15
Tomintoul Museum and Visitor Centre	Aberdeenshire	Park	13	1	12	22	12	13	14	11	13	13	13	10	12	11	10	9
RSPB Insh Marshes	Highland	Park	13	13	12	10	12	12	12	12	12	11	10	10	11	11	12	12
Inshriach Nursery	Highland	Park	1	1	1	3	6	10	12	15	18	20	24	23	24	25	27	27
Working Sheepdogs, Kingussie	Highland	Park	7	6	6	6	2	6	6	6	6	6	6	6	7	7	7	7
Corgarff Castle, Strathdon	Aberdeenshire	Park	6	6	6	5	4	5	5	5	3	4	6	4	4	4	5	3
Auchgourish Gardens, Boat of Garten	Highland	Park	5	5	5	4	4	5	4	4	6	5	2	2	2	2	3	3
Clan Macpherson Museum, Newtonmore	Highland	Park	2	3	2	3	2	4	4	4	4	3	4	4	4	4	4	5
Atholl Country Life Museum, Blair Atholl	Perthshire	Park	2	2	2	1	1	1	2	2	2	2	2	2	3	2	2	2
Glenlivet Distillery	Moray	Halo	21	45	60	51	40	46	40	45	46	44	48	45	41	42	44	40
Edradour Distillery, Pilochry	Perthshire	Halo	121	117	111	101	82	89	95	101	97	89	95	88	82	86	88	89
Scottish & Southern Visitor Centre	Perthshire	Halo	108	89	81	72	58	68	62	56	57	49	46	47	51	46	47	48
Crathes Castle	Aberdeenshire	Halo	122	119	107	98	93	89	92	84	77	64	61	52	50	41	60	55
Tomatin Distillery	Highland	Halo	45	44	38	39	38	34	31	29	31	29	22	22	26	18	19	21
Drum Castle, Banchory	Aberdeenshire	Halo	35	30	34	36	36	37	28	25	26	19	23	18	12	19	15	15
Glenfarclas Distillery	Aberdeenshire	Halo	16	15	14	13	11	13	11	11	10	11	9	9	9	8	8	8
Kirriemuir Gateway to the Glens Museum	Angus	Halo	12	11	11	10	8	10	9	9	10	10	10	10	10	10	9	8
Edzell Castle, Brechin	Angus	Halo	11	11	10	9	8	7	7	8	7	9	8	7	7	7	6	5
Barrie's Birthplace	Angus	Halo	8	7	7	7	7	5	5	5	6	5	6	5	5	6	4	4
World Horse Welfare	Aberdeenshire	Halo	6	5	5	5	4	5	5	5	5	6	7	2	1	1	1	3
Banchory Museum	Aberdeenshire	Halo	7	5	5	3	4	5	5	5	5	3	4	4	3	3	3	3
Kirriemuir Camera Obscura	Angus	Halo	5	4	4	4	3	5	4	5	5	4	4	4	4	3	3	3
Estimated total visitations																		
includes imputations#			2,001	1,936	1,841	1,667	1,400	1,728	1,630	1,642	1,672	1,658	1,689	1,701	1,829	1,920	1,964	1,988
Percentage change				-3.3%	-5.0%	-9.9%	-17.5%	21.0%	-5.8%	0.7%	1.8%	-0.8%	1.9%	0.7%	7.3%	4.9%	2.3%	1.2%

Source: VisitScotland / Moffat Centre Visitor Attraction Monitor Figures missing have been imputed

Ref: P262/tourism index ud/table (3)

7.3 Skiing

Three of the past four years have been highly successful for skiing in the Cairngorms. All three resorts in the National Park have done well, significantly helped by cold weather except in 2011/2012:

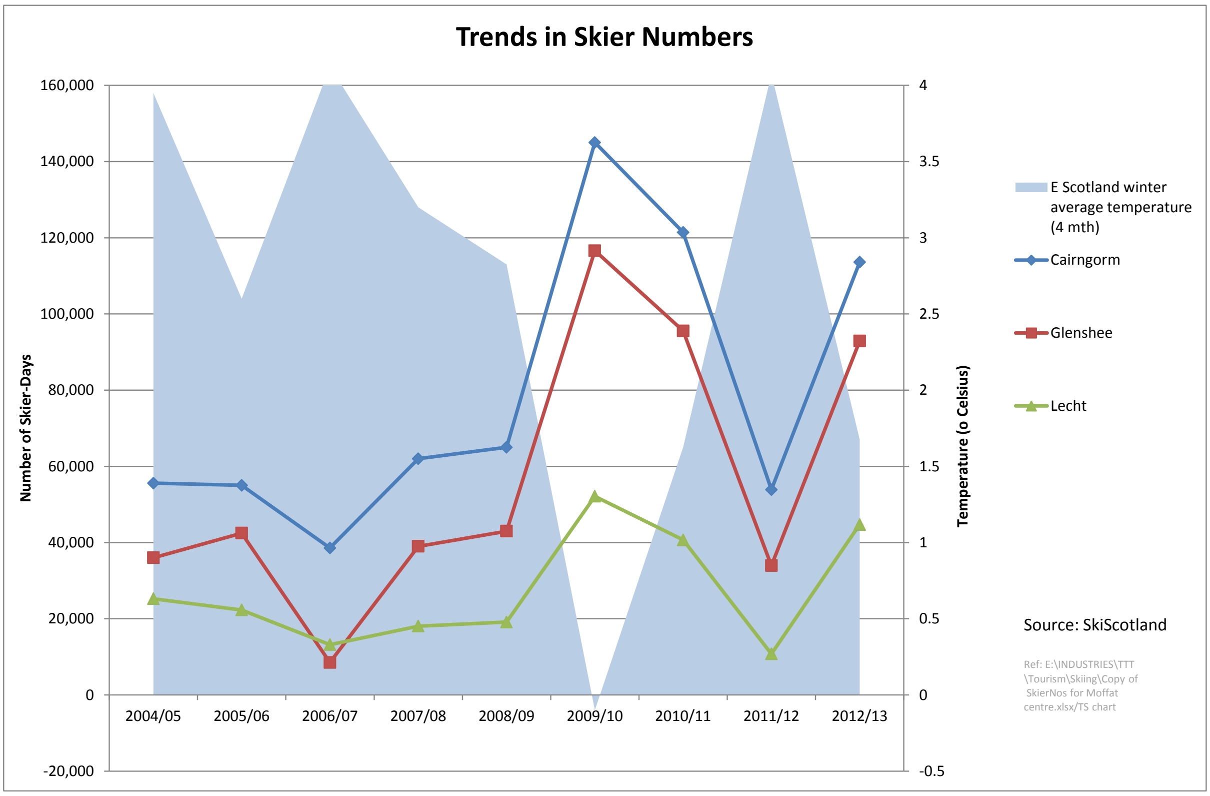


Figure 15: Skier-days in the Cairngorms, by season

Cairngorms' percentage share of the Scottish skiing market is now in the upper eighties, having fallen nearly to70 five years ago.

Table 2

Scottish Skier Days (excluding non skiers)-

Season	Cairngorm	Glenshee	Lecht	Nevis Range	Glencoe	All Cairngorms centres	All Scottish centres	Cairngorms share of Scottish total
2004/05	55,586	36,000	25,252	18,338	12,000	116,838	147,176	79%
2005/06	55,000	42,460	22,303	18,430	16,623	119,763	154,816	77%
2006/07	38,553	8,521	13,200	11,149	7,300	60,274	78,723	77%
2007/08	62,000	39,007	18,061	23,021	23,000	119,068	165,089	72%
2008/09	65,000	43,000	19,110	15,876	16,899	127,110	159,885	80%
2009/10	145,007	116,614	52,147	34,886	26,135	313,768	374,789	84%
2010/11	121,420	95,571	40,678	18,289	14,037	257,669	289,995	89%
2011/12	53,876	33,947	10,755	9,500	10,514	98,578	118,592	83%
2012/13	113,582	92,899	44,708	16,650	23,157	251,189	290,996	86%
Average 2004/5 -2012/13	78,900	56,400	27,400	18,500	16,600	162,700	197,800	82%
Share of Scottish skiers	40%	29%	14%	9%	8%	82%	100%	
Standard deviation	10,242	14,410	4,550	4,328	5,882	27,295	35,512	
Coefficient variation	19%	43%	23%	25%	39%	25%	25%	

Source: Ski Scotland E:\INDUSTRIES\TTT\Tourism\Skiing\Copy of SkierNos for Moffat centre.xlsx

It is clear that weather plays a major role, and we can roughly quantify the impact: a winter that is one degree colder than average brings about a third more skiers than the average.

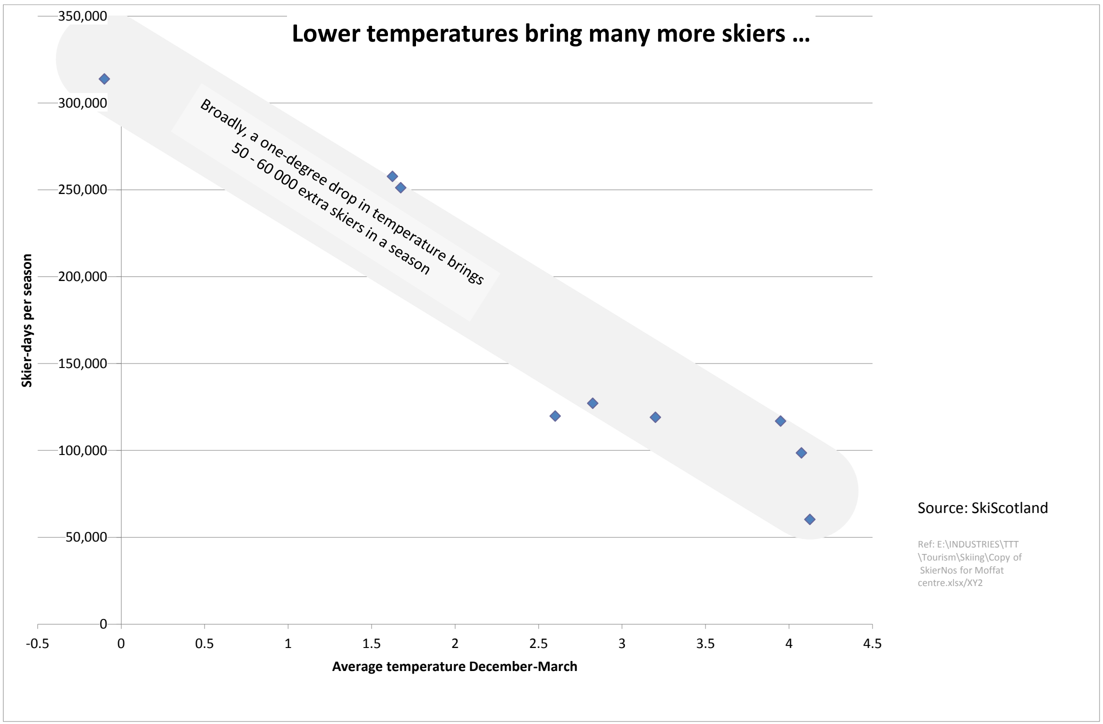


Figure 16: Scatter diagram: winter temperatures and skier numbers.

It is tempting to think that three cold winters might be a consequence of changing atmospheric conditions, but meteorologists warn that even a run of several years' data should not be attributed to fundamental factors such as carbon-dioxide-induced climate change.

7.4 Traffic

The Health of the Park report found a very strong link between transport and tourism, so that the A9 can act as a barometer for the tourism trade:

3

Figure 17: Correlation of traffic flows and tourism activity

However, recent traffic trends have been erratic (2012 data from Transport Scotland has been temporarily delayed).

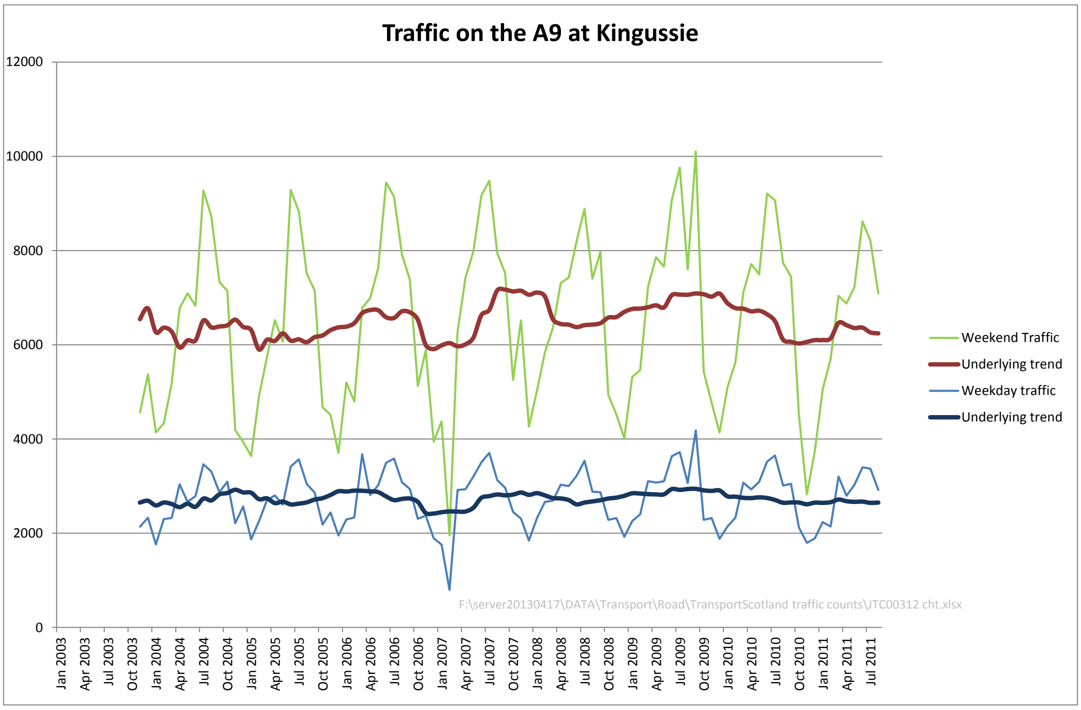


Figure 18: Recent trends in A9 traffic

Table 3

Annual growth rate of traffic at Kingussie

	Weekday	Weekend
2005	-0.3%	-1.8%
2006	5.4%	8.9%
2007	0.4%	4.5%
2008	-3.7%	-6.9%
2009	4.4%	6.2%
2010	-4.6%	-6.7%
2011	6.0%	6.5%

F:\server20130417\DATA\Transport\Road\TransportScotland traffic counts\JTC00312 cht.xlsx

7.5 Economic situation and international competitiveness

Like the physical climate, the economic climate affects tourism in in a variety of different ways. In the early part of the recession there was a significant reduction in most sorts of tourism, and some domestic markets suffered badly. However there then sprung up a 'staycation' effect of UK holidaymakers switching towards Britain, in part because of lower incomes, in part to avoid increased travel costs, and in part due to sterling's devaluation:

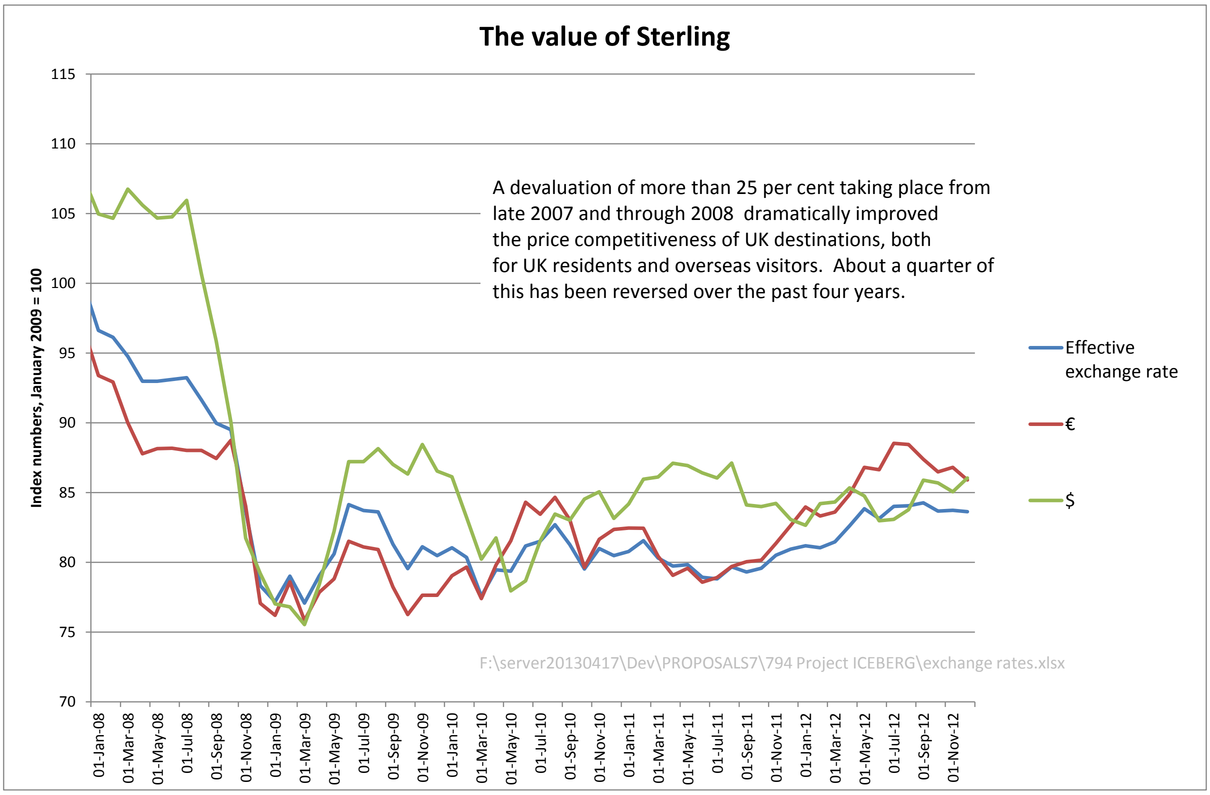


Figure 19: Value of sterling over the last 5 years

The share of UK holidays vis-à-vis overseas holidays taken by GB residents has risen from around 52 per cent in 2088 to 61 per cent in 2012. Holiday trips by British tourists in Britain as a whole fell by 3.5 per cent in 2008, then rose by 17.0 per cent in 2009, fell by 7.2 per cent and rose by 6.4 per cent in 2011. Provisionally, they rose by 3.0 per cent in 2012. The traffic cycles found at Kingussie, and the Visitor Attractions Monitor figures fit well with these fluctuations.

7.6 The weather and tourism

As we have seen above, cold winters make for good winter sports seasons in the Cairngorms. Judging from the traffic evidence, the volume of visitors outwith the winter months tracks the monthly temperature and, comparing one year with another, warm summers also make for a good holiday season

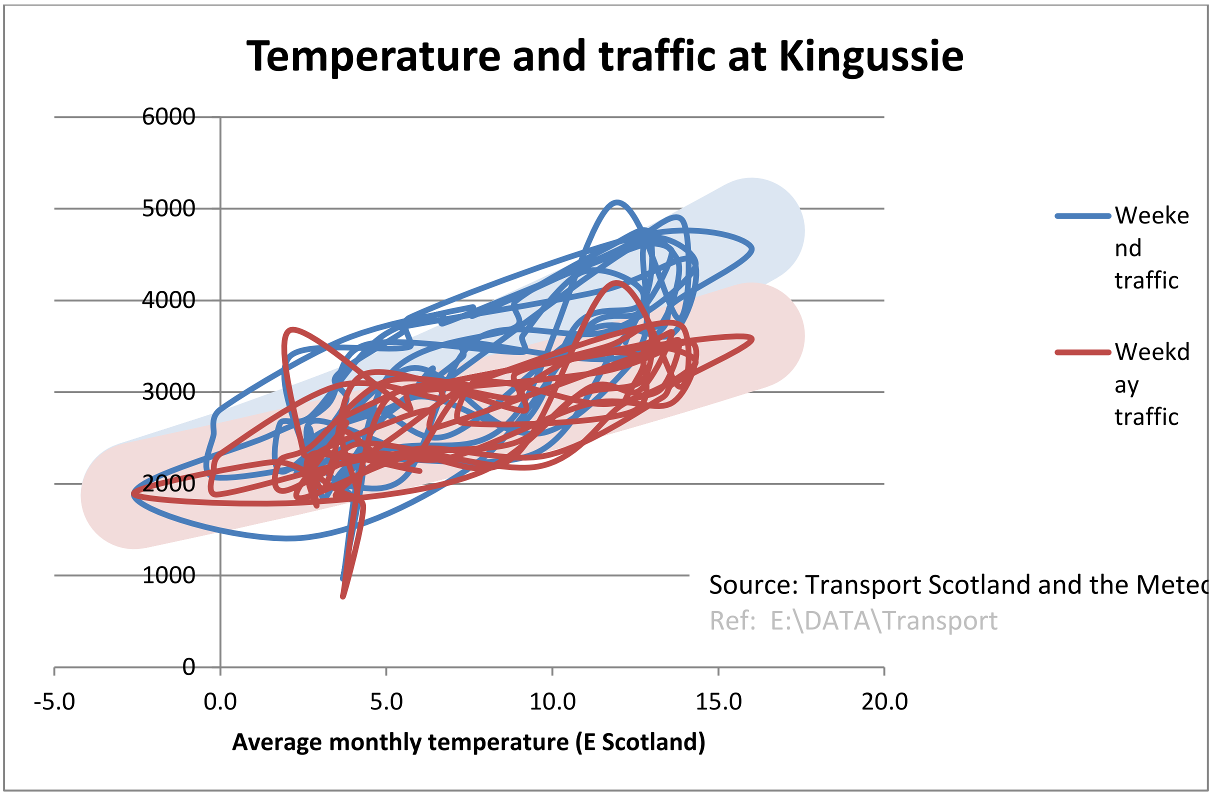


Figure 20: Weather-dependence of Cairngorms tourism

7.7 Structural approaches to Tourism

To distil business recommendations from the pattern of drivers and visitor responses we need to cast them into a framework describing how the region serves its guests, and profits from doing so. Whereas most industries are defined and discussed because they have particular processes or produce families of products, our ideas of the tourism industry stem from the position of the customer, that s/he is away from home – in formal language 'not in her usual environment'.

Two related approaches can be used to look at the diversity of activities that make up the 'tourism industry': Tourism Satellite Accounts and Industrial Cluster Analysis.

7.7.1 Tourism Satellite Accounts

The one followed by international statisticians is the 'Tourism Satellite Account' (TSA) which was tested by Scottish Government Statisticians in 2004 (on data for 2000), but has not been officially estimated for Scotland since (Hayes & Boag, 2004). This traces tourist expenditure through the supply and use tables of the National Accounts, to estimate the 'tourism percentage' of all the industries in the economy. The Office for National Statistics has recently been applying this at United Kingdom level (White & Smith, 13 August 2013), and from November 2013 it is planned to provide annual Scottish TSAs as part of DREAM®trip.

ONS in the UK Tourism Satellite Accounts (UKTSA) distinguish twelve groups of products/ tourism industries, following the UN/Eurostat *Recommended Methodological Framework:*

Table 4

Tourism characteristic activities	UK total BRES 2011 (includes rough NI estimate)	UKTSA total 2011	UKTSA 2011	Tourism percentage
Activities				
1. Accommodation for visitors	430.8	424.6	384.3	90.5%
2. Food and Beverage serving activities	1510.8	1442.0	458.4	31.8%
3. Railway passenger transport	44.5	40.7	19.3	47.4%
4. Road passenger transport	112.1	259.3	76.6	29.5%
5. Water passenger transport	8.0	8.1	1.3	16.0%
6. Air passenger transport	68.3	63.0	42.6	67.6%
7. Transport equipment rental	32.0	30.3	1.6	5.3%
8. Travel agencies and other reservation services activities	97.6	101.2	95.4	94.3%
9. Cultural activities	146.6	281.3	123.9	44.0%
10. Sports and recreational activities	333.9	529.5	96.3	18.2%
11. Retail trade of country-specific tourism characteristic goods		29.5	0.3	1.0%
12. Country-specific tourism characteristic activities	26.2			
Other	24522.0	27796.0	366.9	1.3%
Total	27333	31005.5	1666.9	5.4%
Source: TSA:RMF (Eurostat), 2008				
Transport support not covered by ONS	77.2			

As well as the UKTSA the table includes employment figures for the same industries retrieved from the Business Register Employment Survey conducted by ONS. It can be seen that in most cases they are close to the UKTSA figures.

In a more detailed approach, ONS have interpreted these tourism characteristic activities as 43 industries from the industrial classification SIC2007 at the 5-digit level:

Tourism Industries	SIC2007 code	Description
Accommodation for visitors	55100	Hotels and similar accommodation
	55202	Youth hostels
	55300	Recreational vehicle parks, trailer parks & camping grounds
	55201	Holiday centres and villages
	55209	Other holiday and other collective accommodation
	55900	Other accommodation
Food and beverage serving activities	56101	Licensed restaurants
	56102	Unlicensed restaurants and cafes
	56103	Take-aw ay food shops and mobile food stands
	56290	Other food services
	56210	Event Catering Activities
	56301	Licensed clubs
	56302	Public houses and bars
Railw ay passenger transport	49100	Passenger rail transport, interurban
Road passenger transport	49320	Taxi Operation
	49390	Other passenger land transport
Water passenger transport	50100	Sea and coastal passenger w ater transport
	50300	Inland passenger w ater transport
Air passenger transport	51101	Scheduled passenger air transport
	51102	Non-scheduled passenger air transport
Transport equipment rental	77110	Renting & leasing of cars and light motor vehicles
	77341	Renting & leasing of passenger w ater transport equipment
	77351	Renting & leasing of passenger air transport equipment
Travel agencies & other reservation service:	79110	Travel agency activities
	79120	Tour operator activities
	79901	Activities of tour guides
	79909	Other reservation service activities n.e.c.
Cultural activities	90010	Performing arts
	90020	Support Activities for the performing arts
	90030	Artistic creation
	90040	Operation of arts facilities
	91020	Museums activities
	91030	Operation of historical sites & buildings & similar attractions
	91040	Botanical & zoological gardens and nature reserves activities
Sporting & recreational activities	92000	Gambling & betting activities
	93110	Operation of sports facilities
	93199	Other sports activities
	93210	Activities of amusement parks and theme parks
	93290	Other amusement and recreation activities nec
	77210	Renting and leasing of recreational and sports goods
Country-specific tourism characteristic activ	82301	Activities of exhibition and fair organisers
	82302	Activities of conference organisers
	68202	Letting and operating of conference and exhibition centres

In addition in DREAM®trip, in our overall work for Scotland, we have included five further industries, although ONS does not do so: passenger activities at stations, ports and airports (SIC 52.2) and air cargo handling in the transport industries (in which we believe passenger baggage handling is a major element). Of these only employment at stations is directly relevant to Cairngorms.

Ancillary transport included in DREAM®trip but not in ONS and WTO list		
	52212	Operation of rail passenger facilities at railw ay stations
	52213	Operation of bus and coach passenger facilities at bus and coach stations
	52220	Service activities incidental to w ater transportation
	52230	Service activities incidental to air transportation
	52242	Cargo handling for air transport activities of division 51

We have *approximately* calculated the tourism percentages for Scotland and the Cairngorms National Park. These are as shown in Table 5. They are higher in Scotland than the UK, because Scotland is more tourism-intensive, and higher still in the Park. Overall the tourism percentage of the UK economy is 5.4 per cent, of Scotland is 6.0 per cent, and of Cairngorms is 30 per cent.

Table 5

Employment in tourism characteristic activities (000)	Scotland total	Scotland tourist	Tourism percentag e	Cairngorms total	Cairngorms tourist	Tourism percentage	Cairngorms tourism employ-ment as % Scotland
Activities							
1. Accommodation for visitors	60.2	56.8	94.2%	1.731	1.721	99.4%	3.0%
2. Food and Beverage serving activities	114.3	25.8	22.5%	0.423	0.218	51.6%	0.8%
3. Railway passenger transport	4.4	2.3	53.8%	0.007	0.004	53.8%	0.1%
4. Road passenger transport	13.5	6.7	49.8%	0.069	0.049	70.6%	0.7%
5. Water passenger transport	1.5	0.9	61.4%				
6. Air passenger transport	3.1	1.2	39.3%				
7. Transport equipment rental	1.5	0.0	0.0%				
8. Travel agencies and other reservation services activities	8.2	7.7	94.1%	0.035	0.033	95.9%	0.4%
9. Cultural activities	14.3	7.6	53.3%	0.245	0.230	94.1%	3.0%
10. Sports and recreational activities	29.8	7.1	24.0%	0.291	0.243	83.6%	3.4%
11. Retail trade of country-specific tourism characteristic goods							
12. Country-specific tourism characteristic activities	1.3	0.1	8.9%	0.002	0.001	65.5%	1.0%
Other	2205.8	31.2	1.4%	6.897	0.414	6.0%	1.3%
Total	2458.0	147.5	6.0%	9.700	2.914	30.0%	2.0%

Source: TSA:RMF (Eurostat), 2008 E:\PROJECTS\P259 ICEBERG\presa_tcm77-287936.xls

7.7.2 Tourism cluster analysis

The other approach to examine the many different activities that contribute to tourism, and their interactions, is to consider the industry in 'cluster' terms. It goes beyond the core industries above to consider their supply chains and, indeed, beyond 'industrial' activities to consider institutions that contribute to tourism, The next three charts begin to follow this approach, but underline the need for a collaborative effort to take this further, engaging a spectrum of cluster members. It is, for example, appropriate in Cairngorms to include a significant part of retailing: this is partly because of the importance of self-catering in the accommodation sector, partly the presence of specialised shops providing clothing and equipment for outdoor and other activities, and partly to take due account of the 'by Royal Appointment' retailers on Deeside.

A logical map of the cluster for the UK is presented in Figure 21, and the pie chart at Figure 22 aims to provide some of the information to make it real in a Cairngorm context.

When we go on to look at the relative strength in Figure 23 we find that Cairngorms is strongest by far in the core of the cluster, particularly accommodation and attractions (largely natural ones).

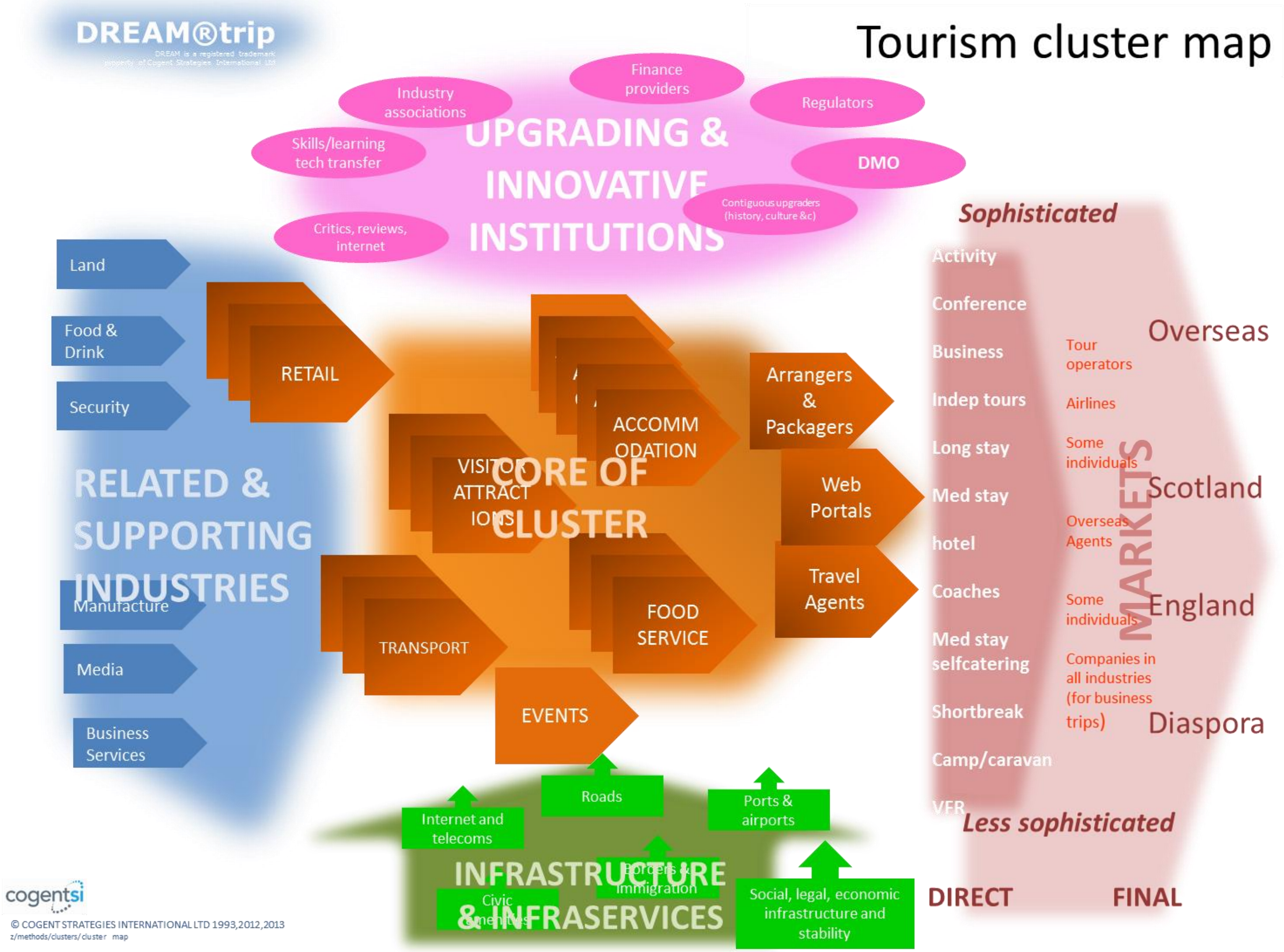


Figure 21: Tourism Cluster Map for the UK

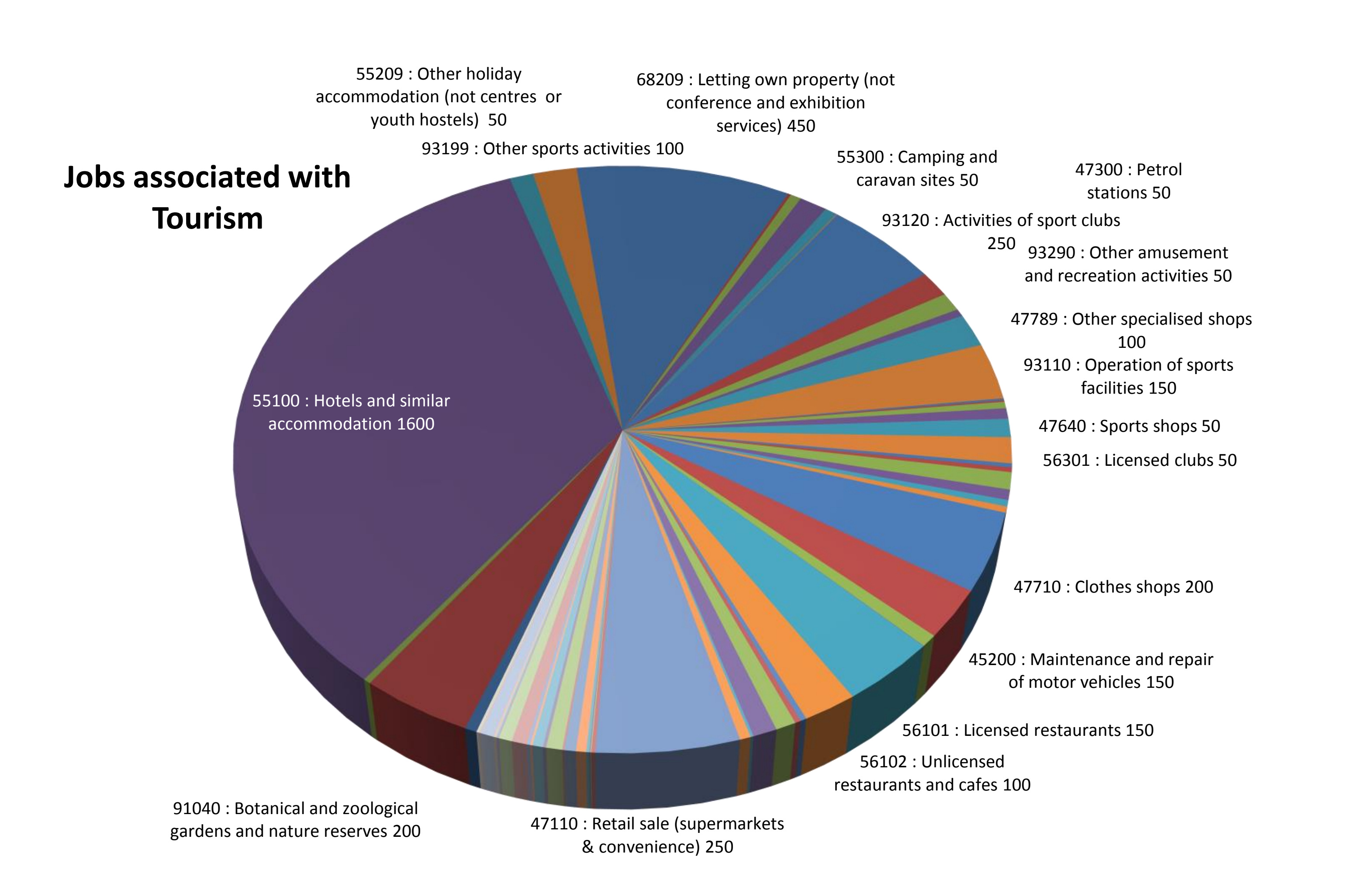


Figure 22: The structure of tourism-related employment

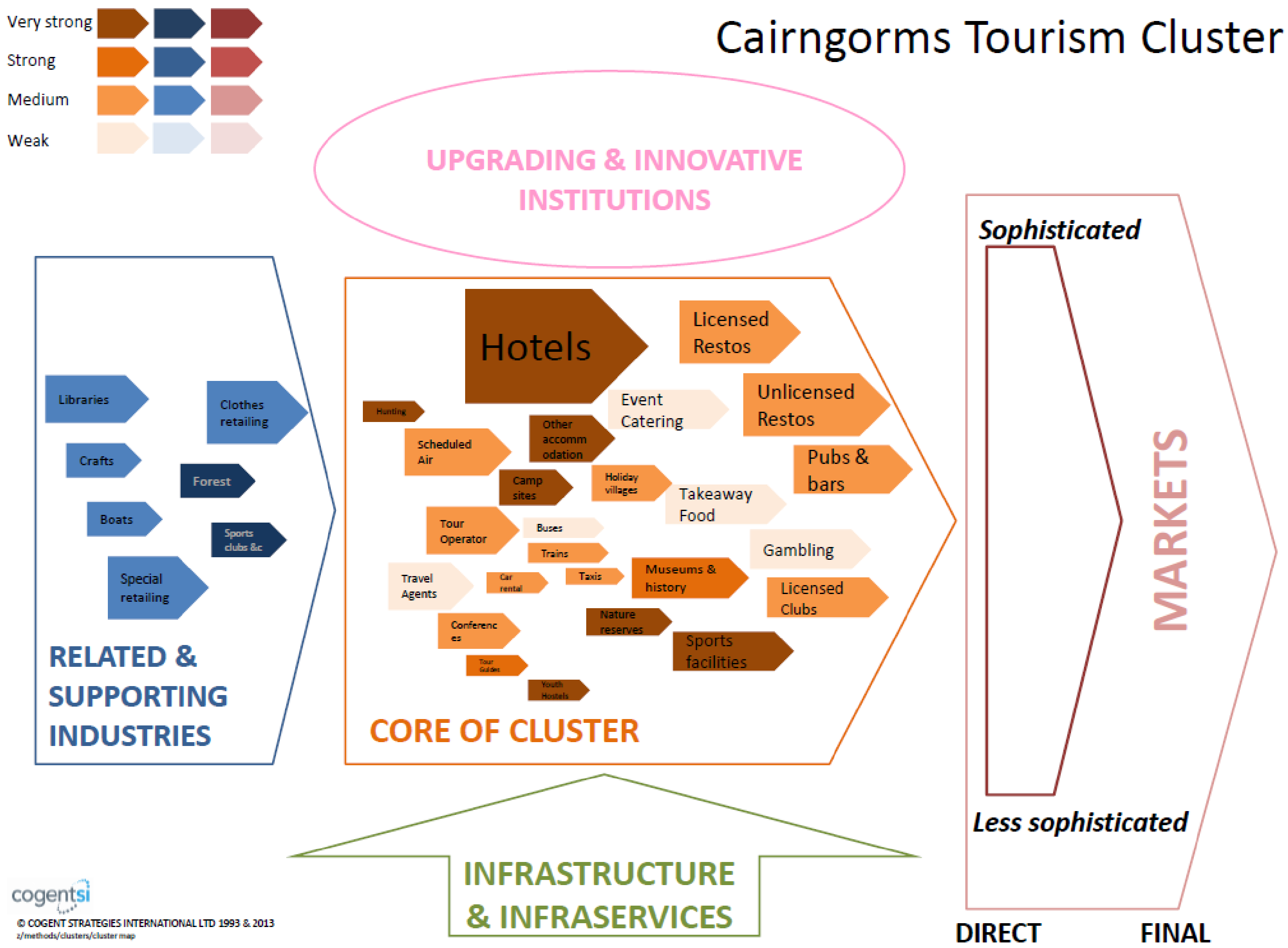


Figure 23: The structure of tourism-related employment

The following diagram, Figure , shows the salience of the industries within the cluster, with the colour scheme classifying them into the 12 TSA groups.

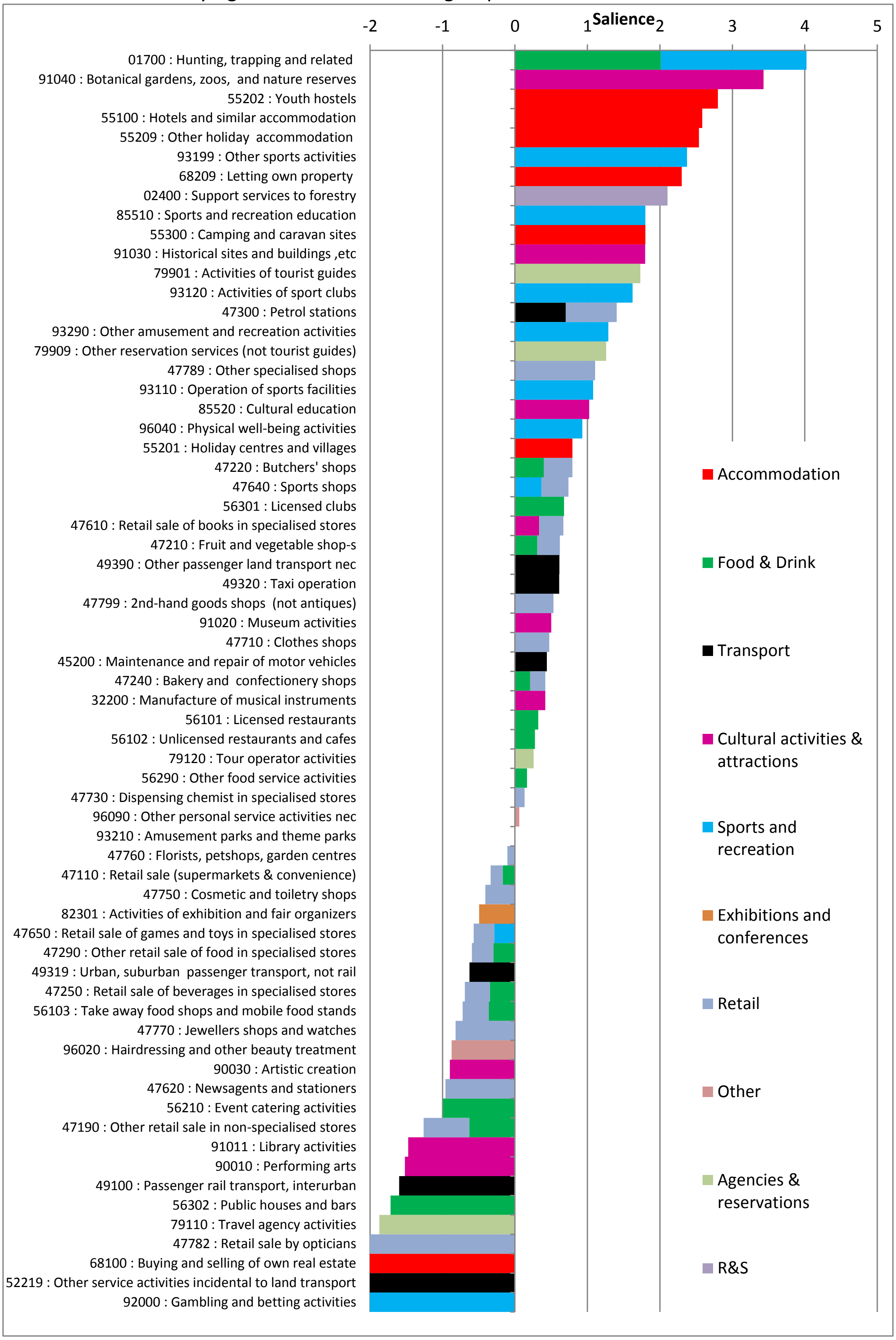


Figure 24: Tourism industries salience

The salience diagram (Figure 24) highlights the extreme strength of the accommodation sector, and strength of sport and heritage (the latter depends significantly on Eurostat classifying nature as ' cultural'). However food and drink service is nothing like as strong and the transport strength is entirely focused on the motor car – either fuel or repairs, or taxis.

7.8 Possible opportunities in the tourism cluster

- The Park's particular strength so far has been in outdoor activities rather than culture and knowledge 'tourism of the mind'. This raises four specific questions:
    - Are there unmet opportunities to develop cultural tourism? Could one or two 'between season' festivals help to make the pattern over the year even more stable?
    - Can broadening tourism be mixed with the educational agenda – for example developing and promoting a product around study weekends? These usually go to Universities during vacations, but Cairngorms accommodation may have slacker periods during University term times, which would have some attractions to the Open University and similar providers.
    - Are there opportunities around the visual arts? Is the infrastructure (materials, shops, galleries, studios etc) available?
    - There are a number of successful 'wildlife' or 'eco-tourism' businesses in the Park and internationally this is one of the fastest growing parts of the tourism market. Are there further opportunities around this market? Perhaps with a link to educational offers?

- Whereas (according to ONS) nationally about 20 per cent more tourism spending takes place in food and drink outlets than on accommodation, in the Cairngorms spending with accommodation providers is more than four times as much as in 'stand-alone' food and beverage establishments. Plainly this is a question of the character of the offering and nature of the experience, but what would be the good and bad consequences of a shift towards a more restaurant-oriented engagement with the visitor? Is it feasible to increase the value added in food service without inflicting offsetting loss of business on accommodation providers? For example, can people in self-catering accommodation be enticed to make more frequent use of catered meals out? And what are the options for developing food quality as a specific draw: not only enlarging the food offering but moving it upmarket?

- The Park's particular strength so far has been in outdoor activities and scenery rather than culture and knowledge:
    - Are there unmet opportunities to develop cultural tourism? Could one or two 'between season' festivals help to make the pattern over the year even more stable?
    - Can broadening tourism be mixed with the educational agenda – for example pitching hard (and maybe improving facilities) to get Open University (and other) study weekends?
    - Are there opportunities around the visual arts? Is the infrastructure (materials, shops, galleries, studios …) available?
    - There are a number of successful 'wildlife- or eco-tourism' businesses in the Park and internationally this is one of the fastest growing parts of the tourism market. Are there further opportunities around this market? Perhaps with a link to educational offers?

- Public transport and internal connectivity within the Park was an issue last time. To what extent has this been satisfactorily tackled?

- Are there opportunities to support and develop ***locally owned*** accommodation businesses?

- What's the view on budget hotel chains? Are they visitor-catchers or cash-extractors?

- Is there scope to attract a major 'resort' employer (along the lines of Center Parcs)? Are there areas of the Park where the environmental and other impacts would be acceptable?

- What are the opportunities to develop the retail offer?

8 The Forest Cluster

Forest products are the most distinctive cluster in Cairngorms. The structure of the forest 'cluster' is set out below. This diagram (which has not changed materially since the Health of the Park report) describes the main components that make up the cluster and the strength of the links between them. Cluster diagrams of this sort can be of significant practical value: they can suggest those parts of the structure where it ***may*** be worth developing business activity – either through the diversification of new businesses, start up, or inward investment. But because there is a weak or missing component or link does not mean that it will be a viable business proposition.

The years since the publication of the 'Health of the Park' report have seen something of a relative strengthening of the UK forest products industry. As a whole the market has remained very depressed, not least due to the poor state of the national construction industry which has been a major casualty of the recession. But the reduction in the sterling exchange rate has improved competitiveness vis-à-vis European and other producers, to the extent that not only are imports being held off, but BSW (who own and operate the sawmill at Boat of Garten) are exporting sawn timber to China in the winter season.

As noted in the 'Health of the Park' report, the most highly distinctive aspect of forest activity is the recovery of timber itself. The saplings that grew into today's cluster of forest industries in and around the Cairngorms were planted long before the establishment of the National Park. As well as the expansion of Forestry Commission estates, private landowners were encouraged to devote their property to forestry in perpetuity by the 'Dedication Scheme' from 1947 to 1981, and the Thatcher government continued a level of grants and subsidies to planting up to 1986. The Park, containing significant land not readily suited to agriculture, had many plantations intended for timber production, frequently Sitka Spruce. Coverage was up to about 17 per cent of the land by 1988. The intensity and style of planting was not always found aesthetically pleasing, and the dense forests were designed for wood production and not recreation. The plantations did, however, provide a burgeoning supply of feedstock for forest-based industry, which expanded significantly from the early 1980s to the mid-1990s, and now contributes around three per cent of the gross value added generated within the Park.

However the forest has brought with it important related industries, and although not as *distinctive* in UK terms, these industries are actually more important employers. The 'core' forest industries, employing only about 200, now make up less than a quarter of forest-related employment.

Even the total of 800 jobs shown in the pie chart (Figure 25 on page 39) is very conservative: it does not show forest recreational jobs (because theses cannot be distinguished from mountain recreation). Because forest planting in more recent years has included more deciduous species (at national level, up from two per cent of planting forty years ago to around half now), and in general the pattern of planting has provided better access so that the forests contribute substantially to the tourist offering of the Park, future economic opportunities are likely to lie in this area.

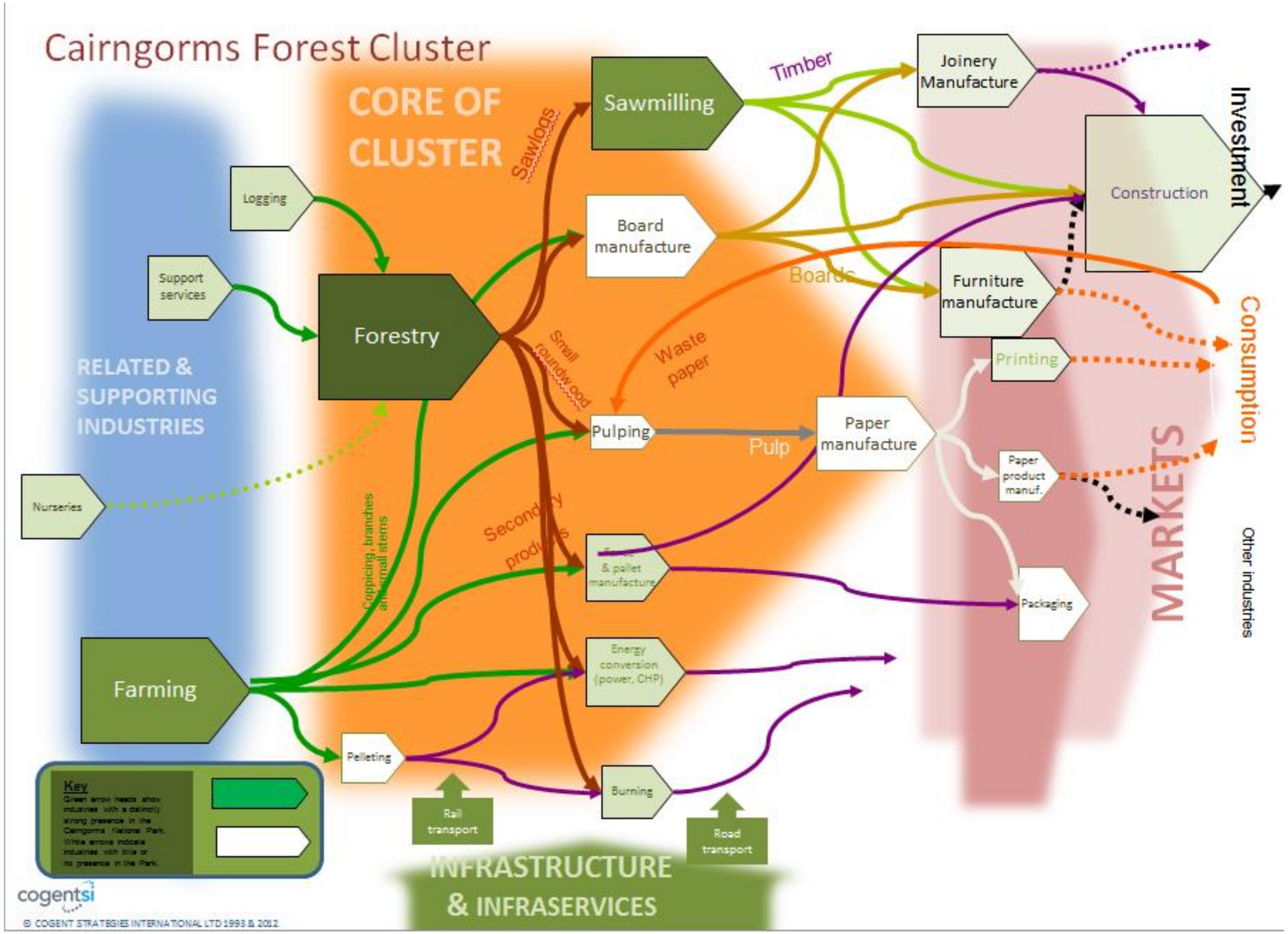


Figure 25: Significance of forest cluster components in the National Park (the stronger the colour the more significant it is)

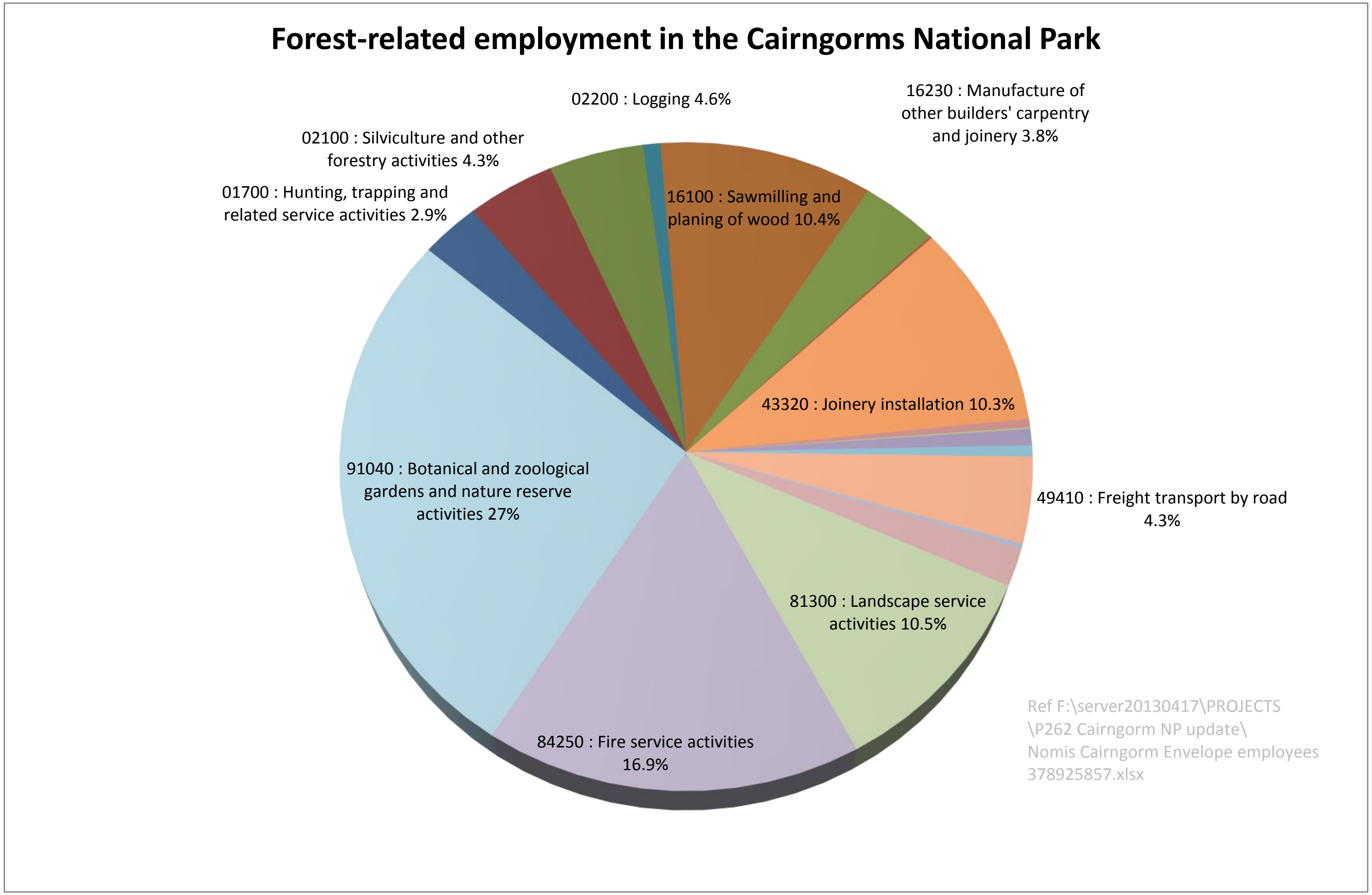


Figure 26: Structure of the Forest cluster by employment

8.1 Possible opportunities in the forestry cluster

Development opportunities are likely to be as much about building on the value of the forest as much as on the value of the wood – ie soft uses:

- Sustaining efforts to enhance the accessibility of forests and other woodland for leisure and tourism: this would help to spread some of the Park's benefits to parts they don't reach too well yet.
- Developing pelleting – small scale possible, but remember objections to Invergordon plans: there can be better things to with the fibre.
- Transport cost minimisation is increasingly important in the industry:
    - Is there any need for a small railhead?
    - Renewable energy applications should be LOCAL. Are all public buildings converted? Is adequate wood storage considered as part of planning applications?
    - Is the wood-burning potential of all new housing schemes being captured?

9 The food and agriculture cluster, and the drinks cluster

Although everyone consumes food, and most of us have a varied diet, places that produce it are always very specialised. Therefore to understand the general structure of food clusters, it helps to look at an overall review. As in the Health of the Park report, we reproduce below the cluster map adopted by the industry in Scotland. This follows the standard Cogentsi structure, and is Figure 68 in the Health of the Park report.

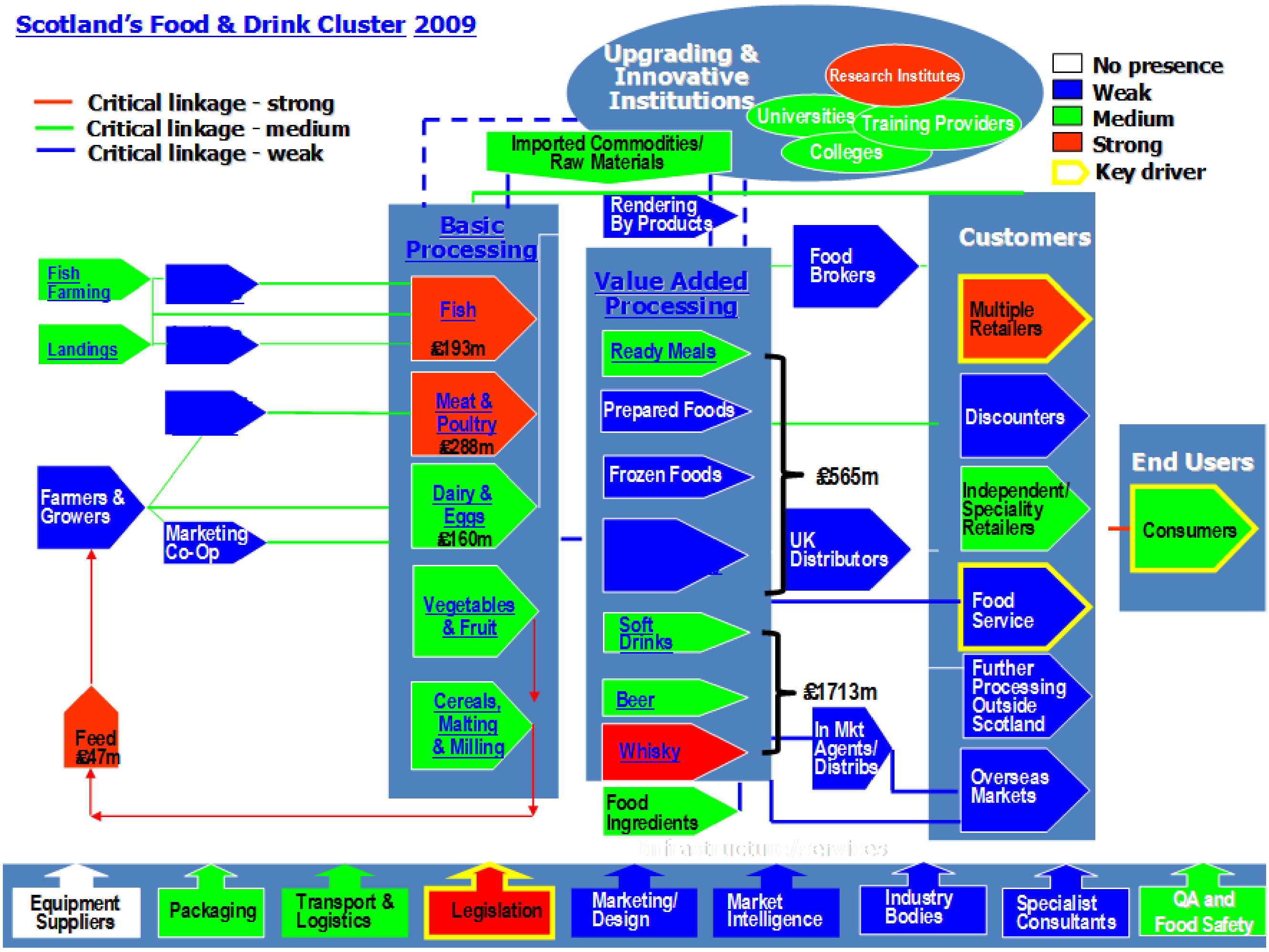


Figure 27: Scottish Food and Drink Cluster.

Cairngorm's strengths are shown in Figure 28: Saliences in food agriculture and drink. Its very distinctive role in the drinks industry stands out.

The consultants would demur from the industry's classification, in Figure , of national primary producers at the Scottish level. In terms of developed economies we question whether it is right to say Scotland is weak in farming and has only medium strengths in fish, and we think that these are incompatible with the basic processing strengths shown (since the basic processors do not use significant imports of primary products). But when it comes to Cairngorms there is no doubt that within its meat specialisms, the area is relatively strong, and especially in game (we are awaiting a full update of the agricultural parish data on farm output and employment from Scottish Government).

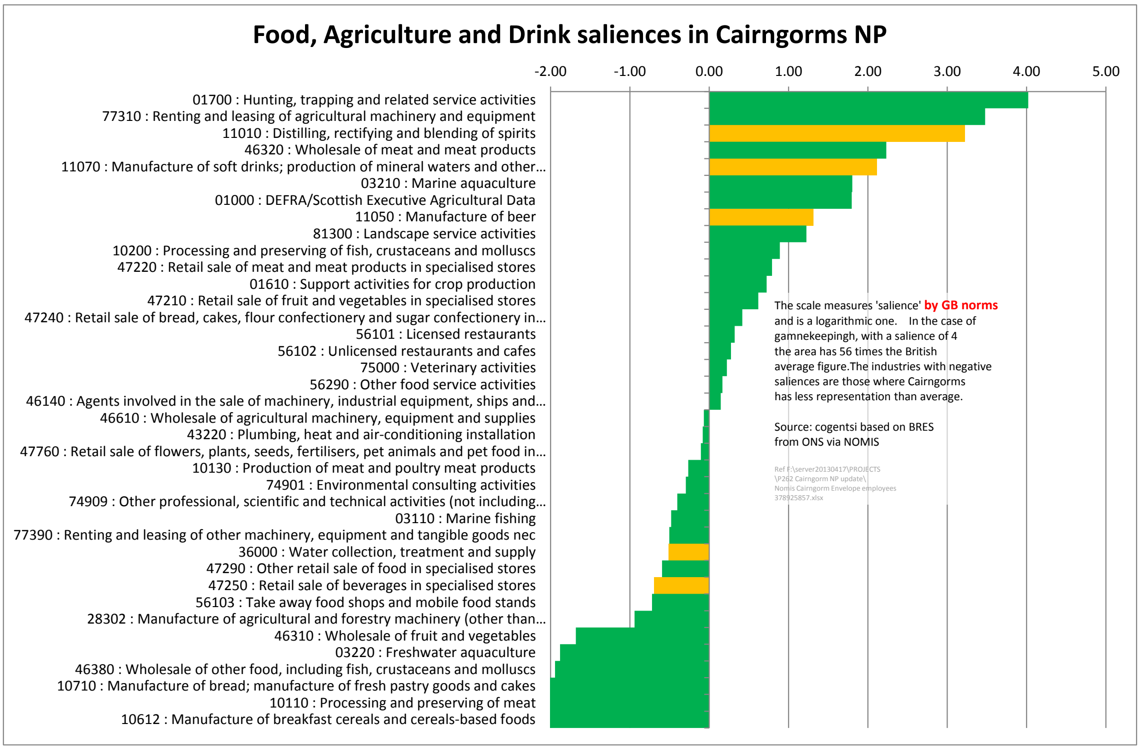


Figure 28: Saliences in food agriculture and drink

There are plainly some minor misclassifications – for example *marine* aquaculture would be hard to conduct within the Park, so we assume it is freshwater. The strongest agricultural sectors overlap with the forestry cluster, and the food retailing with the tourism cluster. There is some evidence of a stronger reliance on purchased services in Cairngorms than in other agricultural areas, and this may be a consequence of relatively small farms and possibly of a low level of capitalisation – remembering that these are saliences against a British norm, so the standard includes large fenland crop producers, who are very capital-intensive.

We have produced an up to date analysis of the structure of the UK food and agriculture cluster and present this in Figure 29 overleaf and in Figure 30 show the strengths within this of the Cairngorms food and agriculture cluster.

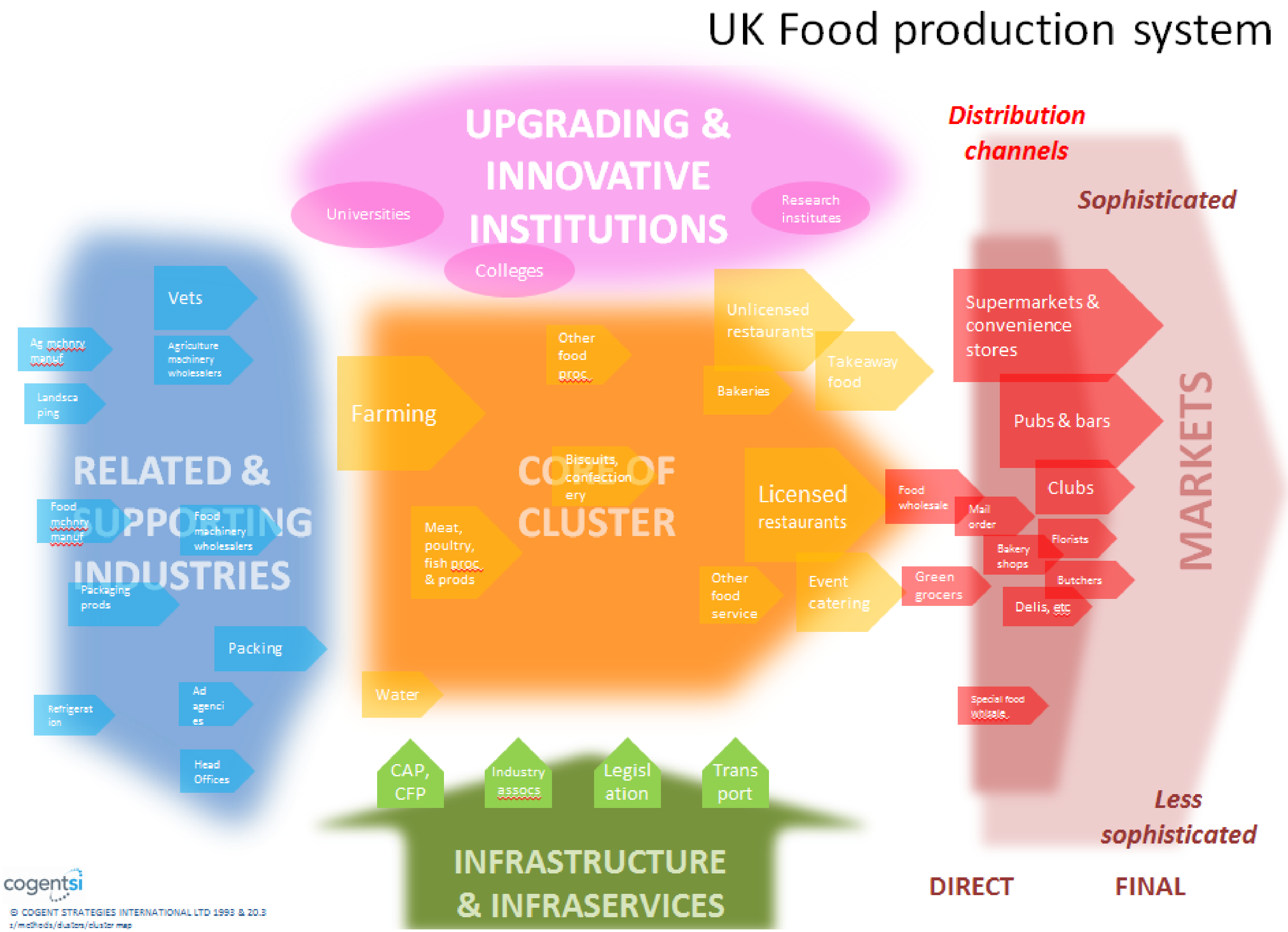


Figure 29: Structure of the UK Food and agriculture cluster – with size representing employment

At the UK level the following features stand out:

- Distribution channels form a dominant part of the cluster – which explains the significance of the role played by the big supermarket chains
- Restaurants (licensed and unlicensed) are highly significant in the core of the cluster
- Among related and supporting industries, Vets are particularly noteable.

Figure 30 overleaf presents the same cluster structure with density of colour representing the significance of the different parts of the cluster in the Cairngorms National Park.

The main features of the cluster in the National Park are:

- The significance of meat and meat produce – which is shown in the strength of meat processing, meat wholesaling and butchers
- Greengrocers are also strong
- Not surprisingly, farming shows up as a particular strength of the area
- There are no noticeable strengths in restaurants
- Vets form a key part of the sector (related to strength of farming).

9.1 Possible opportunities in the food cluster

Given strength of tourism, strength in meat production and weakness in restaurants seems to be an opportunity to develop Cairngorms as a quality eating destination. Nationally 20% more tourism spending takes place in food and drink outlets than on accommodation, in Cairngorms spending with accommodation providers is more than four times as much as in 'standalone' food and drink establishments:

- What would be the good and bad consequences of a shift towards a more restaurant-oriented engagement with the visitor?
- Is it feasible to increase the value added in food service without inflicting offsetting loss of business on accommodation providers? For example, can people in self-catering accommodation be enticed to make more frequent use of catered meals out?
- What are the options for developing food quality as a specific draw, so not only enlarging the food offering but moving it upmarket?].

The strength of meat may also mean an opportunity to produce branded meat (along the lines of Castle of Mey).

Our detailed analysis of the cluster shows number of smaller but significant parts of food cluster which are too small to show up in the cluster map but which may have scope for development – eg hunting and trapping, aquaculture.

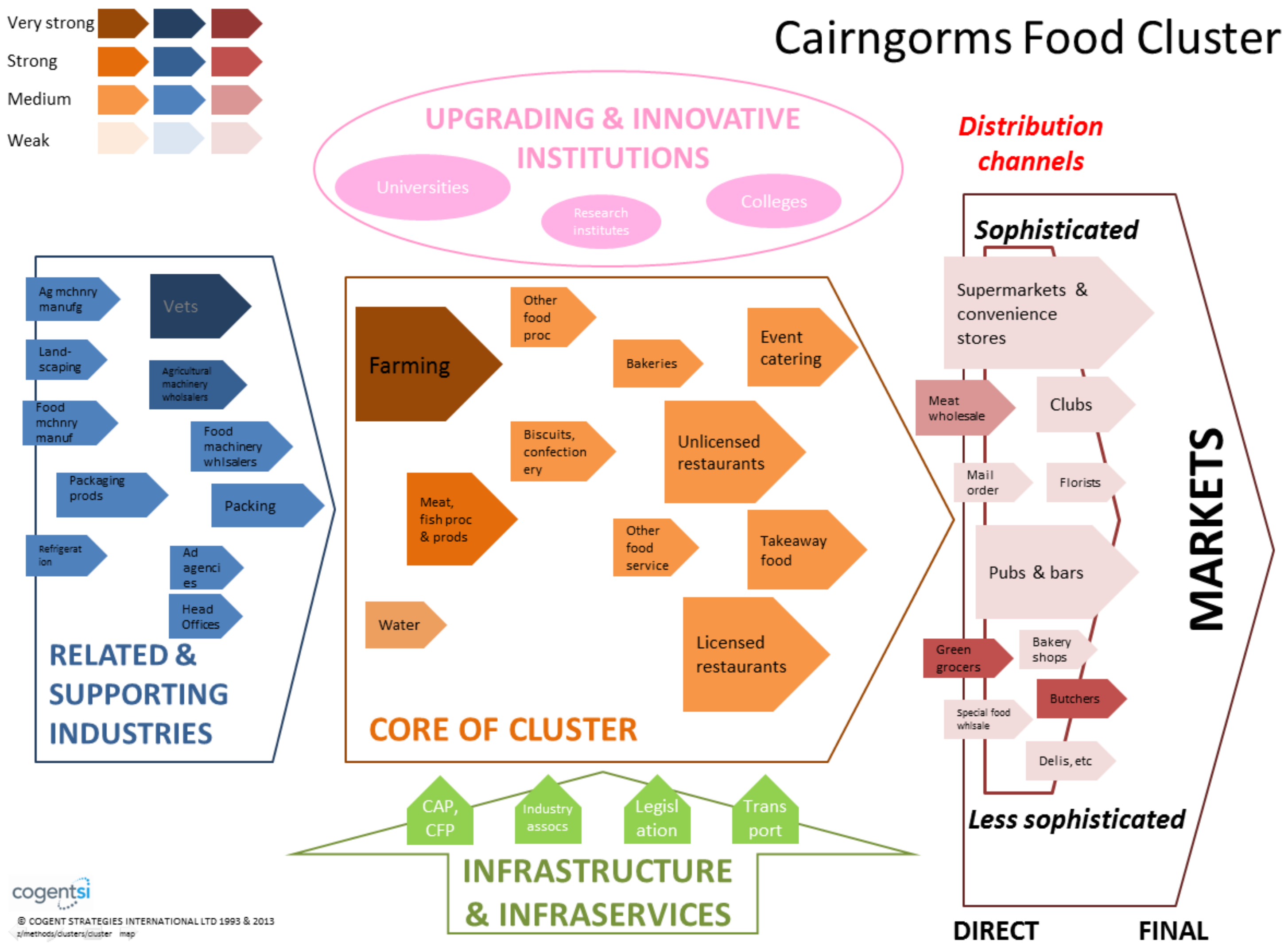


Figure 30: Significance of cluster components in the National Park (the stronger the colour the more significant it is)

10 The housing and construction cluster

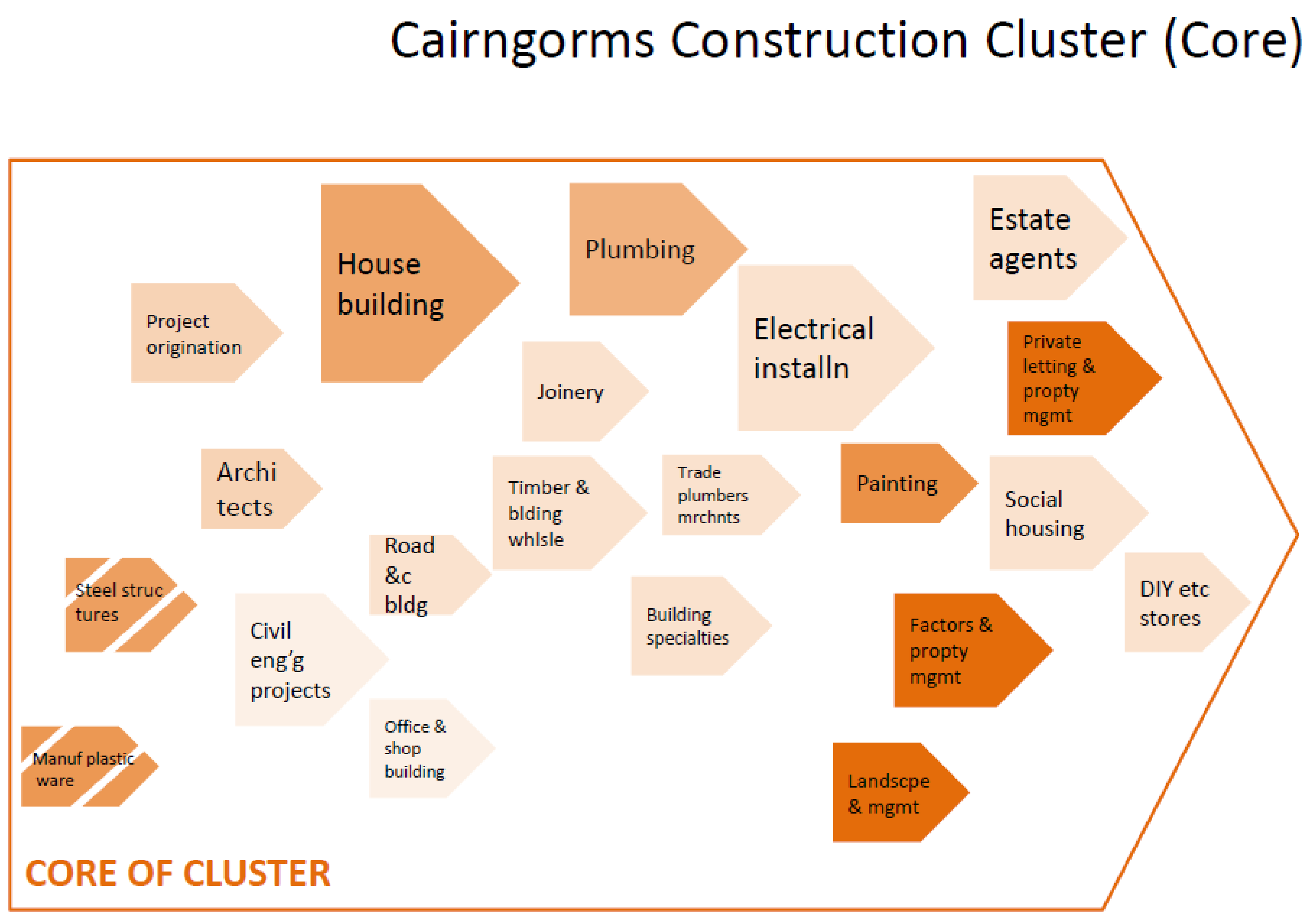
The main driver of the homes and construction cluster within the National Park is housebuilding. Predominantly this is to accommodate the extra 250 people living in the Park each year. It contrasts somewhat with the situation in most of the rest of Scotland, where the creation of new homes is driven more by reductions in family size rather than population growth. However it is not too different from the situation in nearby Inverness, where the last twenty years of growth have helped to establish it as a city. We can hope that some of the housing quality, living space quality and socio-environmental issues that are now coming to the fore in the Inverness satellites can feature continuously as the Park population expands.

Industrially the cluster structure is not particularly remarkable (Figure 31 overleaf).

Detailed employment numbers are confidential but we know that housebuilding and its associated trades employ around 500 people in the Park, and other conventional construction activities less than 200.

The two manufacturers (shown in Figure 31 as diagonally striped) are essentially building for the North Sea and further afield, not for the local economy, and together employ around 100.

The strength of the various asset management specialisms is of interest, amounting to about 1,000 employees. The forum may like to consider whether this can become a sensible target of economic development and how it can come to play a *distinctive* role within it.



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z/methods/clusters/cluster map

Figure 31: Significance of cluster components in the National Park (the stronger the colour the more significant it is)

11 Existing plans, strategies and other documents

Introduction

In March 2013 Rocket Science produced a review of local and Scottish strategies pertinent to the National Park (CNPA: Cairngorm Economic Forum and Strategy: Research. Rocket Science, March 2013).

These strategies included:

- At the Scottish level, the Government Economic Strategy, the Employability Framework and the Tourism Scotland Plan
- At the regional level the strategies and operating plans of Scottish Enterprise, and Highlands and Islands Enterprise
- At the local authority level the economic development strategies of Aberdeenshire, Moray, Highland, Perth and Kinross and Angus Councils
- At the local level, the Cairngorms Food for Life Development Plan.

In this section we summarise our initial findings, review documents produced since 2010 and draw out from this full range of documents the main points of relevance for the Cairngorms Economic Forum in developing an for Economic Diversification Strategy.

The original review

We identified a wide range the amount and type of information provided in the five local authorities' economic development or recovery strategies and action plans.

Similar challenges were identified in each area, and mainly concerned the current state of the economy, demographic make-up and issues of accessibility and connectivity, with strengths and opportunities focusing on the common themes of realising potential in terms of tourism, food and drink and each area's natural assets, resources and skills.

Similar sectoral priorities were identified across all five plans: in terms of relevance to the National Park there were common strands around tourism and food and drink.

The Cairngorms National Park receives at best fleeting reference in the five economic development strategies and action plans. However, the objectives and actions of each area do appear to align well with the Park's long-term outcomes:

- ***A sustainable economy supporting thriving business and communities***
    - *Economic growth and diversification with more jobs and employment opportunities, particularly for young people*
    - *A greener economy supported by safe travel routes and IT capability.*
- ***People enjoying the Park through outstanding visitor and learning experiences***
    - *Quality and connectivity is enhanced*
    - *Increase in conservation area improvement projects.*

- ***A special place for people and nature with natural and cultural heritage enhanced***
    - *World class tourist destination*
    - *Focus of research and knowledge exchange*
    - *Integrated network of routes into and through the Park.*

We conclude that an economic diversification plan for the Cairngorms based on our findings will be entirely consistent with the strategies and approaches set out in these documents. Indeed, it was clear that such a plan will provide support for the achievement of these strategies by creating a clear focus and plan for parts of all 5 Local Authorities which share common features, issues and opportunities – and by being part of the National Park share a valuable 'brand'.

Additional relevant studies

We have identified the following relevant documents that have been published since our initial review:

- The SDS Skills Investment Plans
    - Tourism Skills Investment Plan (SDS, March 2013)
    - Food and Drink Skills Investment Plan (SDS, March 2013)
- Strengthening the ties between Employability and Employers (The Moray Council for the Moray Employability Action Group, July 2013)
- The Regional SIP for the Highlands and Islands (pending?)
- Documents about the future of LEADER

The Federation of Small Businesses' publication, Micros Untapped: Realising the employment potential of micro-businesses (Rocket Science, 2013).

The SDS Skills Investment Plans

SDS has now published 3 SIPs (Energy, Tourism and Food and Drink) and we understand that the regional SIP for the Highlands and Islands – which will be of direct relevance to the National Park – will be available soon. The two Sector SIPS most relevant to the Park are those for Tourism and Food and Drink.

Tourism

In March 2013 SDS published a Skills Investment Plan (SIP) for the Scottish Tourism Sector[4]. The SIP identifies four skills priorities:

- Enhancing management and leadership in the sector
- Ensuring that staff have the skills to deliver a high quality visitor experience
- Raising the attractiveness of the sector to new entrants
- Ensuring that appropriate and high quality training is available.

[4] http://www.ourskillsforce.co.uk/media/77320/tourism%20leaflet%20final.pdf

The plan identifies the way in which employers in the tourism sector can help achieve these ambitions:

- By enabling staff to access training, and, specifically, leadership and customer service training
- By recognising that skills are vital to business success
- By offering shared work experience or apprenticeship schemes with other employers
- By getting involved in the design and delivery of training and education.

Skills Investment Plan for the Food and Drink Industry

This Plan was also published in March 2013. Modern Apprenticeships are at the heart of the plan to support the growth of Scotland's £12.5 billion food and drink industry. The SIP has the aim of encouraging closer working between the public and private sectors and promoting the career opportunities that the sector offers young people. The Food and Drink Skills Investment Plan has been developed by Skills Development Scotland, Scotland Food and Drink, Scottish Enterprise, Highlands and Islands Enterprise, Lantra and Improve.

The four strategic priorities of the plan are:

- Raising the attractiveness of the sector to new entrants
- Supporting company capacity to innovate
- Delivering leadership and management excellence in the sector
- Supporting the development of skills for growth in the workplace.

The priorities identified through the Skills Investment Plans can be used by the CEF a part of their reflection on the conclusions from our Cluster analysis (Chapter 8) for Tourism/Hospitality and for the Food and Drink Cluster.

The Moray Council: Strengthening the ties between Employability and Employers

This report by Rocket Science, which was produced in July 2013, focuses on the way in which economic development and employability can be linked and specifically how employers can be engaged more actively in the task of enhancing employability. It involved a wide range of interviews with employers across Moray and with key stakeholders.

Many of the findings of this work are specific to Moray, but – given that the profile of businesses is not dissimilar from that of the Park – there are some which are of wider relevance across the Park, specifically:

- It would be reasonable and realistic for the partners to aspire to providing the best business support service in Scotland – which will in turn enhance start up rates and business growth and so help to maximise local job creation. This aspiration could also apply to the National Park but is particularly pertinent because of the fragmented nature of the current service as the area is crossed by the boundary between the two Enterprise organisations and by 5 Local Authority boundaries.

- It would help to have a high profile contact point for all forms of business support. This would not replace direct connections between a range of existing organisations and businesses – rather it would be targeted at transforming the proportion of businesses which are aware of the array of local business support and knows where to go to get the support they need.

- There is a specific opportunity (already being taken forward by Moray Council and by Highland Council with Business Gateway) to develop a locally appropriate micro-business development service which will help micro-business owners minimise the perceived risks of employment and help them to recruit the people who can help them grow their business. The design and development of this service can draw on significant good practice elsewhere in terms of providing a widely known service which promotes business growth through recruitment. The significance and potential impact of such a service was highlighted in the FSB's recent report 'Micros Untapped: Realising the employment potential of micro-businesses' (Rocket Science, 2013). Although the approach has been successfully pioneered in rural areas (partly because of the particular significance of micro-businesses and their centrality in terms of rural employment) a similar approach has just been adopted in Glasgow by Jobs and Business Glasgow: this is the first time that this approach has been rolled out in an urban context. The Park area and its business profile is similar to areas where a 'growth through recruitment' approach has been successfully pioneered (North West Wales, Caithness and Sutherland, Moray)

- A specific opportunity which was identified in Moray was to significantly enhance the very limited support service currently offered by Work Programme to clients which are 'red rated' (ie distant from work). Some of these clients are now emerging from 2 years on Work Programme when they will once again be supported by Jobcentre Plus.

- There is scope for the partners to use their procurement to enhance opportunities for local skill development and job creation that will help those furthest from work gain sustainable employment. Although significant procurement opportunities in the National Park will be fewer, the does appear to be scope to ensure that when they happen their potential for contributing to developing local skills and jobs is realised. This is not just about capital investments (eg new schools, An Camus Mor) but also significant revenue purchasing – such as the opportunities created by social care spend and the move to Self-directed Support and the opportunities for creating micro-businesses that may come with its introduction.

- One of the most significant opportunities identified in Moray was for the key local partners (HIE, SDS, JCP, Moray Council and Business Gateway) to work more closely together to draw on the intelligence held by all the partners about businesses and the current and emerging needs around skills – and translating this into usable insights for pupils, teachers, parents, mentors and training providers, so aligning the skills available (particularly among young people) with the needs of employers. There is a strong case for this kind of approach to be scaled up across the National Park area.

The Regional SIP for the Highlands and Islands

Our understanding is that this is not yet in the public domain, but it is clearly an important document for the area in terms of helping to understand skill development needs and how they can be met.

The future of LEADER

The LEADER Programme is a community led approach to animating rural development. There is an existing Programme in the Cairngorms, led by the Cairngorms Local Action Group which in turn is informed by its Local Strategic Plan for LEADER.

A letter of interest in the next LEADER Programme has been submitted by the Cairngorm LAG. Some effort has been expended in Scotland to identify the lessons from previous LEADER programmes for the next, notably from the Scottish LEADER Conference in November 2012 and the Report for SRDP Programme Manager for the SRDP 2014-2020 LEADER Working Group in August 2012.

There were a number of issues raised at both the conference and in the Report which focus on practical issues about accountability, bureaucracy and the management of risk. In terms of strategic significance, the most important points from the Conference and the Report focused on some specific needs:

- For greater clarity about strategic focus from the Scottish Government
- For a greater focus on 'animation' of the rural economy rather than on funding small projects
- For a stronger focus on 'innovation'
- For 'renewal and refreshment of Local Action Groups to ensure that all relevant stakeholders are enfranchised and that private sector participation in partnerships is strengthened'
- To 'encourage a much more outward focused approach that includes stronger elements of networking and cooperation. The Programme needs to be designed to facilitate projects that cross territorial boundaries.'

- Related to this is the recent announcement of the creation of a Scottish Rural Parliament and, more important, a managed 'rural movement' – that will support the exchange of ideas and practice, the development of collaborative networks and the development of joint projects. With the first of the 2 yearly Parliaments due to be organised in November 2014 there is scope for the Cairngorm communities to play a significant role and for LAG to be a key animator of this engagement in both the movement and the Parliament. The partners may want to work together to gain the first Parliament at a Park venue.

These lessons and identified needs for the future suggest that the LAG and its Local Strategic Plan will be important to taking forward an economic development strategy. This raises four important questions:

- How can the LAG be helped to maximise its influence and the way it can attract or 'lever in' additional funding to support community based projects which can be of significant strategic value to the area?
- How can the Economic Diversification Strategy be used by the LAG to develop its own Local Strategic Plan in ways which help local communities maximise the local benefit of the LEADER programme?
- How can the Economic Diversification Strategy be structured and presented in ways which will help communities identify projects which will bring significant local returns in terms of issues that are of local significance (eg housing and jobs for local young people; enhancing microbusiness growth)?
- How can the LAG contribute to and learn from the nascent 'rural movement' and its associated Rural Parliament?

FSB Report: Micros Untapped: Realising the Employment Potential of Micro-businesses

Most businesses in the Cairngorms employ less than 10 people: across Scotland as a whole these micro-businesses make up nearly 94% of businesses and provide 27% of the private sector jobs[5] but in the Cairngorms (and other rural areas) these figures are significantly higher. In addition, micro-businesses are scattered across the Park and can provide accessible jobs in a way that larger businesses in the main settlements cannot.

Micro-businesses have significant growth potential and 58% of new jobs in Europe between 2002 – 2010 were created in micro-businesses. This means that they have significant potential for contributing to employment growth. The extent to which the growth of micro-businesses through recruitment was explored by the FSB in their report: Micros Untapped: Realising the employment potential of micro-businesses (Rocket Science, 2012).

[5] Scottish Corporate Sector Statistics (2011), p.27

The key messages from the report are:

- Micro-businesses regularly 'under-recruit'
- The right support can make a difference to:
    - Whether they recruit
    - The quality of the match achieved between business need and recruit (in terms of skills/attitude, fitting in with the team, being able to help the business achieve its ambitions)
    - Developing the businesses leader, the existing team and the business as a whole so that the full benefits of the recruitment can be realised
    - The ease and speed of future recruitment.
- Micro-businesses tend to 'under-recruit' because:
    - Recruiting staff feels risky:
        - *"Will I find the right person – and when will I find out?"*
        - *"Will I be able to afford it?"*
        - *"Will I be able to manage it?"*
    - ...and is difficult
        - Defining the job – there are usually a range of roles that a new recruit can play and identifying the most appropriate is important in ensuring real business benefit
        - Understanding the knock on impact of a recruitment – What can the business leader best focus on in terms of the time created? How does it affect the roles of other team members?
        - Dealing with the administrative demands created by a new employee
        - Finding the right person
        - Putting an appropriate and effective contract and systems in place
        - Managing and developing the recruit once they are in work.
- Micro-businesses are different from larger businesses in a number of ways which help to explain why a targeted support service can make a significant difference:
- A new recruit makes a substantial difference to a micro-business
- Most micro-businesses lack administrative support and knowledge, and in particular lack dedicated HR skills and experience.
- Why are micro-businesses special?

At the same time the best managed micro-businesses seem to:

- Provide a wide range of tasks and roles for recruits
- Offer responsibility early
- Offer a lot of customer engagement
- Provide a supportive environment
- Develop the recruit's skills 'on the job'
- Provide scope for succession and help to reduce the likelihood that retiral of the business leader in a small rural business will lead to the closure of the business.

The Report drew on examples of good practice (two of them in the Highlands and Islands) to identify the main features of the kind of support service that makes a difference in terms of micro-businesses growing through successful recruitment.

- What are the main components of the service?
    - Personal support/mentoring
        - Is the business ready to recruit?
        - What role/job will really add value?
        - What are the other role/skill implications?
        - What administrative tasks need to be sorted?
        - Getting the right person
        - Getting the right contract in place
        - Inducting, managing and developing the skills and responsibilities of the recruit
    - Correcting perceptions of risk (eg the documented risks of being taken to an employment tribunal - which are tiny)
    - Tailoring information to the specific needs of the business
    - Providing 'in the round' support – that is, placing the support and the decision to recruit firmly in a business development context – is it the right time for the business? Is it the right thing to do?

The Sole Trader Initiative pilot in North West Wales involved the appointment of two full-time business mentors backed by a strong partnership approach (including local banks and accountants as well as the FSB) to maximise the reach of the approach. Over the 3 years of the Sole Trader Initiative pilot the project reported that 800 sole traders had become involved, of which 400 had recruited 500 people. Despite a clear focus on this as a business development initiative the strong working relationship with Jobcentre Plus helped ensure that 75% of recruits were previously unemployed. The key features of the Sole Trader Initiative were[6]:

- An overarching partnership of key organisations which were committed from the top
- A strong focus on the specific business needs of each micro-business
- Active promotion of the support available through those who worked with sole traders (e.g. banks, accountants, FSB) and through evening workshops – to ensure a high awareness and that the partners were not just reaching well informed and connected business owners
- A comprehensive local network of relevant organisations and individuals within them, so that clients could be introduced personally to individuals within sometimes daunting bureaucracies.
- Experienced and very dedicated business advisers who could over time fulfil the role of mentor.
- A Guide to Employing People which presented employing people as a positive action and guided micro-business owners through its complexity[7].

[6] Highlands and Islands Enterprise, Developing micro-businesses through help with recruitment (Rocket Science, 2000)

[7] Adapted from FSB: Micros Untapped (Rocket Science, 2013)

The largest single group within microbusinesses in the Cairngorms is made up of self-employed people. Our estimate in our initial Benchmark Report was that there are about 2,000 people self-employed in the Park, about 500 of them in agriculture and many of the rest in service industries including hospitality and retailing.

The findings and conclusions of the FSB Report – and the success of approaches to micro-business growth through recruitment elsewhere in the Highlands and Islands (notably the original Recruit Project in Sutherland and Caithness and the recent Highland Council/Business Gateway project which has just been expanded) strongly suggests that it would be effective to have a micro-business 'growth through recruitment' initiative in the Cairngorms National Park, as part of a more coherent business support service across the area.

The benefits that this could bring would include:

- Creating jobs in areas of dispersed rural communities that are accessible to local people
- Providing high quality, well supported jobs that help recruits develop rounded skills
- Improving long term survival rates by improving succession – particularly for sole traders.

Conclusions

Drawing on our previous review and later documents we have identified the following issues of relevance to the Cairngorms Economic Forum when developing its Economic Diversification Strategy:

- Although the relevant LA strategies vary in a range of ways, there is a consistency about sector priorities, the significance of small businesses and strengthening communities in the more rural areas.
- Helping to ensure that the National Park can become an exemplar of sustainable development ('showing how people and place can thrive together')
- Promoting business and jobs growth around the 'green agenda'
- Realising the potential of the area's natural assets in terms of jobs and income growth
- Enhancing both jobs and earnings
- Helping the National Park to play an appropriate and significant role in the wider economy and environment of the Highlands and Scotland
- Ensuring that local economies are not constrained by housing issues.

Our original review raised two specific practical issues about implementation: the role of Community Planning Partnerships and the significance of the development of an economic diversification strategy being led by businesses. Our update to this has added further insights around both these points and added a third to do with the role and significance of the LEADER programme and the LEADER Action Group:

- ***The role of Community Planning Partnerships (CPPs)***. These are increasingly seen as central to effective service delivery and public sector reform by the Scottish Government and their ability to align resources around economic development tasks is becoming a clearer expectation. The recent pilot audits of three CPPs were a clear signal of their significance to the Scottish Government and Audit Scotland now intend to take forward a further 5 over the next 12 months. In the absence of a CPP for the Cairngorms National Park area it will be important for the CNPA Board and LA members round the Board table to play a role in ensuring that there is alignment around the needs and potential of an economic diversification plan. The plan provides a basis for clearer prioritisation to realise the potential of the area to create benefits for the wider Local Authority areas. In due course it would be helpful for the most important Park wide actions in the Plan to work through to the 5 Single Outcome Agreements with the signed up commitment of all parties to their success.

- ***Business leadership***. In the Cairngorms, the process of developing an economic diversification plan is clearly distinctive when compared with the generation process of most of the other strategies (the exception being Moray which was led by the Moray Economic Partnership which had business leadership and involved the FSB and the Moray Chamber of Commerce). The model in the National Park is for even stronger business leadership and this provides a number of opportunities:
    - To ensure that the strategy is made real and relevant for individual businesses and makes a difference to their ability to grow and exploit opportunities.
    - To create a widespread and coherent business response to the opportunities identified
    - To create a coherent support service which reflects the distinctive needs of businesses (particularly small businesses) across the Park
    - To ensure that the current and emerging needs of small businesses and the opportunities that they see are articulated clearly and that support is aligned to these needs and opportunities.
    - Finally, to use the opportunity for businesses to work together specifically in terms of articulating their current and emerging skills requirements, and in particular working with local schools to support the development of young people with an ability to contribute effectively to the local economy as recruits or business leaders – and to ensure that they can stay in the area if they want to.

- ***The role of the LAG***. We understand that the evaluation of the Caingorms LEADER Programme is nearing its conclusions and a letter of interest in the next Programme has been sent to the Scottish Government, part of which sets out an interest in creating a more coherent support service for local businesses. It seems likely that the next Programme will have a stronger focus on the development of small businesses and this is an opportunity for an Economic Diversification Strategy to provide a framework within which the LEADER Action Group can respond to opportunities presented by communities and local businesses to create local jobs and incomes.

12 Issues and Recommendations for the Cairngorms Economic Forum

Our previous work and this review have allowed us to identify a number of themes and issues for an economic diversification plan for the National Park.

- The area has a range of appealing assets for families and businesses and a high reputation for the quality of life that is on offer. There is therefore a significant task in terms of ensuring that those for whom the Park would be appealing as a place to live and work are aware of the opportunity, particularly those who run – or want to start – a business which is viable in a rural area.
- Many of the relevant local authorities share an interest in tourism, food and drink and land based industries so a strategy which focuses on these will be both consistent with local strategies and help to contribute to the achievement of their goals.
- The area is well placed to benefit from the implementation of the National Tourism Strategy's focus on '*growth via quality, authentic visitor experiences*'
- The area has a narrow industrial base and therefore diversification is appropriate – but there appear to be significant opportunities for business growth around the further development of the most significant clusters
- The analysis of individual clusters has pinpointed the scope for attracting inward investment which strengthens these clusters and so supports indigenous business growth. There is therefore an opportunity to identify these targets and work with partners in SE, HIE and SDI to ensure that the Cairngorms is effectively promoted for appropriate development and that their help is sought in targeting relevant developers and investors.
- The assets of the area together with easy access and a current very limited presence of FE and HE facilities may provide an opportunity to strengthen a presence in the education and research sector – perhaps focusing on key clusters (notably tourism) or distinctive local assets (eg mountains, landscape, cultural history and ecology). It may be worth exploring UK, European or global education niches related to these assets.
- Local FE and HE provision would help to reduce the out-migration of able young people. In addition, we are aware of the intent to develop a 'virtual' rural skills academy in the Loch Lomond and Trossachs National Park and there may be lesson in this for the Cairngorms National Park in terms of helping young people develop locally relevant technical skills.

- Micro-businesses are particularly significant in the Park – as significant as anywhere else in Scotland – and it would be worth thinking about ways of helping them achieve their growth potential and navigating the complex array of support available.

From our review and cluster analysis and examination of relevant good practice, we recommend to the Cairngorms Economic Forum that the themes of an appropriate economic diversification strategy should include:

- Ensuring that the ***growth potential of existing businesses is fully realised*** through appropriate support
- Drawing on the cluster analysis to:
    - Help existing businesses be clear about the ***scope for expansion and diversification*** and how to achieve this
    - Develop a targeted effort to ***attract businesses which can contribute to the success of key clusters***
    - ***Broker connections*** between businesses which will strengthen existing clusters
- Creating the conditions and support to make the Cairngorms ***a great place to start a business***
- Specifically, developing a coherent and coordinated approach to the development of the area's ***micro-businesses***, with the aim of becoming the best place to start and grow businesses that can thrive in a rural area.
- Taking forward work to ***strengthen the local presence and significance of FE and HE facilities.***
- Connecting ***employer needs and local skills***. Ensuring that local schools and those seeking work are being helped to gain the skills they need to thrive in work and contribute to local business success.

Appendix 3 sets out a proposed Action Plan framework based on these areas of work.

Appendix 1 – The geography of the National Park

This report updates the 2010 audit of the economic and social health of the Cairngorms National Park.

The process of updating consists of extracting and deriving a large mass of data, and then from the amorphous whole refining patterns of information that are interesting and useful. Some of the early stages must be done in a technically complex way, and some of the regularities and associations that make the patterns coherent and relevant do not become apparent until later in the process. There have been a number of changes in the structure of the data and its presentation since the original report, notably a new (and rather better) Standard Industrial Classification, an enhanced ability to use Geographic Information Systems, and new variables covered by Scottish Government Statistics.

These mean that the Park can now be better delineated from the available geographic statistics. We have retrieved, assembled and processed detailed area employment. We have used this data to identify clusters again (using the new SIC), but it has not proved possible to update GVA figures with any confidence.

To make it accurate and relevant, we build up our economic picture of the Park from the smallest elements possible. For practical purposes of economic measurement, the smallest geographical area identified in Scotland is the datazone. There are 6505 datazones across Scotland, each with about 800 residents, and each covering as far as possible a homogeneous community or part of a community. In the original 'Social and economic health' report the use of datazones offered a very significant improvement from previous methods of looking at the Park economy, which had to be based on political wards and postcode sectors.

However there is scope for even finer delineation, because the Park's boundaries are largely based on topographical features, not economic or social ones, and therefore do not coincide with datazone boundaries.

For the previous report we adopted a 23 'whole datazone' definition[8], which National Records of Scotland describes as 'best fit'. However, in this report we have used GIS to determine parts of datazones to give a more precise delineation, especially in Moray, the Angus Glens, and Highland Perthshire. The Park contains the entirety of thirteen datazones and parts of a further 20, so 33 datazones have some or part of their area within the Park boundaries. The parts we have used are based on geographic area[9] and the proportion of the area of the 20 'partial' datazones which fall in the National Park ranges from 1.5 per cent to 99.8 per cent.

Our approach contrasts with the practice at National Records of Scotland which is to use 23 entire datazones to represent the Cairngorms National Park as 'best fit'. In this report we estimate the proportion of each zone's employment or population that falls within the Park. Applying the individual percentages, this equates to about 23.5 datazones, so for some variables our more precise estimates can be slightly more than those of NRS.

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[8] See Appendix for a full list

[9] In principle it would be possible manually to adjust this purely physical apportionment to a social or economic one, by estimating population and employment percentages though detailed examination of maps and mapping data, but such a very refined apportionment is beyond the scope of this updating exercise.

The following map shows the former Park boundaries (dark shaded area[10]) and the 23 datazones in use in this interim report (highlighted area).

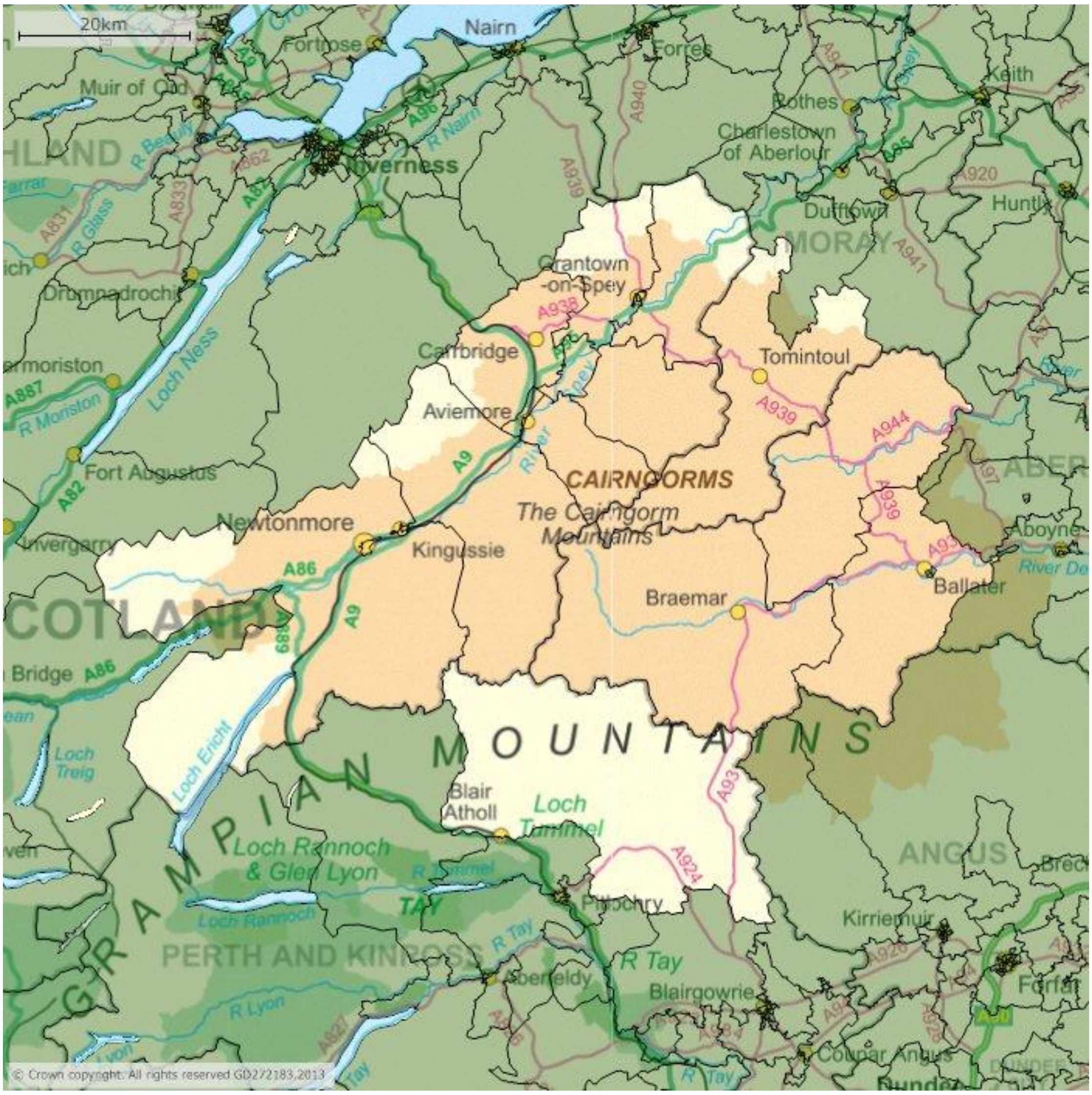

Figure 4 The Park and its datazones

The table overleaf presents details of the 33 datazones that we have used and the proportion of each of them that falls within the National Park.

[10] The ONS national online manpower information system does not appear to include the new Park boundary. We have informed the relevant department and they have promised to attend to this.

Datazone	%ge falling in CNP by area	Used in previous report	Aberdeenshire	Perth & kinross	Moray	Highland	Angus	Population
S01000301	100.0%	1	1					602
S01000303	100.0%	1	1					633
S01000309	59.3%		1					1138
S01000312	100.0%	1	1					594
S01000316	100.0%	1	1					727
S01000341	44.6%		1					834
S01000360	99.8%	1	1					541
S01000384	14.8%		1					754
S01000708	20.9%						1	578
S01000710	34.7%						1	1071
S01003740	6.0%					1		676
S01003743	60.9%	1				1		570
S01003747	100.0%	1				1		1119
S01003748	100.0%	1				1		553
S01003749	100.0%	1				1		784
S01003750	81.5%	1				1		735
S01003751	100.0%	1				1		971
S01003754	100.0%	1				1		800
S01003755	100.0%	1				1		1341
S01003756	100.0%	1				1		852
S01003759	100.0%	1				1		644
S01003760	87.7%	1				1		806
S01003762	5.2%					1		1007
S01003764	100.0%	1				1		890
S01003766	100.0%	1						800
S01003767	100.0%	1				1		830
S01003771	60.7%	1				1		687
S01003772	49.7%	1				1		675
S01003782	1.5%					1		608
S01004233	88.5%	1			1			626
S01004235	12.7%				1			701
S01005145	9.5%			1				753
S01005146	44.1%			1				922
S01005147	70.4%	1		1				1016
Totals	23.5	23	8	3	2	18	2	26838
Park population			4254	1194	643	11292	492	18675

Table 6

Appendix 2 – Example of Economic Diversification Action Plan (EDAP) outline

Aim

The Aim of the EDAP is to provide a coherent and agreed set of actions, developed, owned and led by the business community across the Park, which will enhance business growth, employment and the economic and social health of the Park.

Objectives

- To create an Action Plan based on a coherent strategy for the economic diversification of the National Park, based on an up to date analysis of its economy and industrial clusters.
- To develop detailed plans for the development of each of its main clusters in terms of indigenous businesses, including businesses growth and inward investment.
- To develop specific actions to maximise the start-up and growth of microbusinesses across the Park and to promote the Park as a great place to start small businesses.
- To ensure the ownership of the EDAP by the Park's business communities and their commitment to play a full role in its implementation.
- To specify accountability and timescales against each of the actions to ensure that progress can be monitored and reviewed, and to put in place practical ways of monitoring the progress of each action and its impact.

The evidence: structure, strengths and opportunities in the National Park economy

- Summary of the key features of the Park economy and comparison with main indicators of economic health from original socio-economic benchmark
- Main clusters and cluster maps
- This will present maps of each of the main clusters with their strengths and weaknesses identified. The clusters mapped will be:
  - The forest cluster
  - The tourism cluster
  - The whisky and drinks cluster
  - The cluster of other food and agriculture
  - Information and creative industries, especially publishing and music

    - Other production and manufacturing industries: we expect that the focus for our work on this cluster will be about local links to the energy industry
    - Home ownership and construction (and its links to demographic change in the Park and in particular migration in and out of the Park).
- Other features of the Park economy relevant to an Economic Diversification Strategy and Action Plan (eg significance of micro-businesses)

A strategic approach to diversifying the economy of the Park

Drawing on the evidence to identify the themes of a strategic approach as the basis for the Action Plan. The main themes will be:

- ***Building on the strengths of the Park*** – in terms of the areas clusters and natural resources:
    - Indigenous business development
    - Targeting inward investment on the basis of a careful analysis of the areas clusters and the gaps and weak links that this reveals
- Developing a coherent and coordinated approach to the development of the area's ***micro-businesses***, with the aim of becoming the best place to start and grow businesses that can thrive in a rural area.
- Building on the assets of the area in terms of ***education and training*** and in particular realise the potential of the area to exploit related niches in FE/HE as part of the evolution of UHI.
- Connecting ***employer needs and local skills***. Ensuring that local schools and those seeking work are being helped to gain the skills they need to thrive in work and contribute to local business success.

Area of action	Task	Lead responsibility and other partners	Timescales and milestones
Building on the strengths of the Park			
The forest cluster			
The tourism cluster			
The whisky and drinks cluster			
The cluster of other food and agriculture			
Information and creative industries, especially publishing and music			
Other production and manufacturing industries			
Home ownership and construction			

Area of action	Task	Lead responsibility and other partners	Timescales and milestones
Supporting and attracting micro-businesses			
Creating a coherent service for micro-businesses across the Park			
Maximising penetration of the micro-business market			
Attracting micro-businesses to the Park			
Strengthening education and training as an economic asset			
Identifying local assets which can be built upon and the business case			
Developing opportunities with partners			

Area of action	Task	Lead responsibility and other partners	Timescales and milestones
Connecting employer needs and local skills			
Collecting and analysing intelligence on jobs and skills from all business connections			
Building connections between local employers and schools			
Ensuring progression from school to and through work			
Ensuring support for those furthest from work			

Monitoring and review

How the partners will review:

- Progress and impact of each action
- The progress of the Park economy.