



Draft Report



Cairngorms National Park Authority

Cairngorms Economic Forum and Strategy: Research

Rocket Science UK Ltd
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1 Introduction and policy context

Rocket Science was commissioned by CNPA to provide support for the Cairngorms Business Partnership in developing an economic diversification plan for the Park.

The first part of this work has involved a review of relevant economic plans and strategies, the delivery frameworks that support these, any current work relevant to the National Park and the sectors that are significant in the Park's economy. The purpose is to identify all the aspects of these current documents that are relevant to the economic development of the Park or need to be taken into account in developing an economic diversification strategy for the Park.

This Draft Report sets out this context, key themes and the opportunities and threats emerging from the work. This provides a background for a workshop for Cairngorm Business Partnership members and other stakeholders on Wednesday 27th March 2013.

We have structured the Report as follows:

In this Chapter we have drawn on relevant strategies at national, local authority and Park levels. These include:

- 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

From these we have drawn out:

- Aspects which need to be taken into account in terms of the content and alignment of an economic diversification plan
- Themes which align well with the strengths of the Park

The most detailed and up to date analysis of the economy of the Cairngorms National Park is set out in the National Park Social and Economic Benchmark (Cogentsi and Rocket Science for CNPA, 2009). Because of the depth of its analysis and direct relevance we have devoted a Chapter to drawing out the key points from this Report (Chapter 2, page 22).

In Chapter 3 (page 31) we pull together the key points from the first two Chapters to pinpoint the opportunities for strengthening and diversifying the economy of the Park.

The diversification plan is being developed against a wider UK and international economic background. This is characterised by a prolonged period of slow economic growth, relatively high unemployment, falling real incomes and historically low interest rates and a falling pound. The consensus is that low growth will be sustained for some time. In addition welfare reform will reduce the income of many of those currently on benefits but also, through aspects of Universal Credit, ease the route to work for many.

Taken together, these features have a number of practical implications for the Cairngorms economy:

- The low pound is likely to make the UK a more attractive tourism destination for some overseas markets – and falling real incomes at home may encourage 'home' tourism.
- Some local businesses (eg in manufacturing or construction markets excluding oil and gas) may be vulnerable to falling sales.
- The limited job opportunities across Scotland may encourage local young people to proceed to FE or HE rather than work.

The Government Economic Strategy

The Scottish Government Economic Strategy (GES) is highly significant. When it was published it was the first time in the UK that a national strategy had been produced which provided a clear guiding economic development framework for the Government's Departments and all its agencies. In particular, the key features and priorities of the GES are reflected in the operating plans and strategies of Scottish Enterprise, Highlands and Islands Enterprise, Visit Scotland, Transport Scotland, Scottish Funding Council, Skills Development Scotland and Scottish Water. In addition the GES is expected to *'shape the development of the outcome agreement approach with Community Planning Partnerships that will enable local partners to contribute effectively to the country's sustainable economic growth'*.

The update of the Government Economic Strategy (September 2011) responds to the marked change in economic conditions since its first publication in 2007, and to a better understanding of the opportunities and challenges facing Scotland as it moves towards a low carbon economy, following the Climate Change Scotland (2009) Act. The transition of Scotland's businesses to low carbon products and services is regarded as both an economic and environmental imperative. As a result, the Government has integrated the transition to a low carbon economy explicitly into the GES and made it a clear strategic priority.

The GES prioritises the acceleration of economic recovery and outlines six strategic priorities to drive sustainable economic growth and develop a more resilient and adaptable economy. These are summarised below, along with those which are particularly pertinent to the identified key sectors and opportunities of the Cairngorms National Park.

Supportive business environment

The GES describes the creation of a supportive environment which:

- Is attractive to growth companies
- Enables companies to take advantage of opportunities in new international growth markets
- Helps to build up growth sectors
 - Roll out of a refreshed food and drink industry strategy
 - Development of a refreshed tourism strategy
 - Capitalising on potential of renewable energy sector, particularly strength of offshore and marine energy
 - Providing advice and support to help SMEs grow, to hire staff and take on apprentices.

Transition to a low carbon economy

- Creation of new growth opportunities for Scottish businesses in sectors including energy and food and drink

Learning, skills and wellbeing

- Taking forward a range of opportunities – particularly for young people - through Opportunities for All, the expansion of Modern Apprenticeship numbers and reforming post-16 learning to deliver a system-wide focus on employability and growth
- A commitment to investment in Higher Education so that Scotland remains an international centre of excellence for learning and creative thinking whilst ensuring that access is based upon ability to succeed rather than ability to pay.

Infrastructure development and place

- Enabling rural Scotland to grow local economies
- Our Rural Future – priorities for digital infrastructure, land use, community participation, enterprise, business and skills.

Effective Government:

- Supporting sustainable economic development through public procurement.

Equity

- Ensuring that there are opportunities for all to achieve their potential.

The GES identifies seven key sectors:

- Energy
- Life sciences
- Food and drink
- Creative industries
- Sustainable tourism
- Financial and business services
- Universities.

Flowing from the first GES was the Government's Skill Strategy and its 'refresh' in October 2011. This focused on the development of '*high skills, high productivity, healthy workplaces where this talent can best be used*' and provided a clear context for the development of the Skills Development Scotland's strategy (see below). Related to the Skills Strategy is the Information Advice and Guidance Strategy of March 2011.

The GES finds particular expression in the work of Scottish Enterprise, Highlands and Islands Enterprise and Skills Development Scotland.

Scottish Enterprise Business Plan 2012 – 15

Scottish Enterprises (SE) strategic priorities are:

- Renewables
- International trade and investment
- Growth companies
- Innovation
- Low carbon economy.

SE will maintain its focus on supporting companies which have longer-term growth potential or which are significant employers in a particular region or sector, where growth is anticipated. Of relevance to the Cairngorms National Park is support for local food developments and company growth in food and drink, which is currently provided by SE regional offices and Business Gateway (now devolved to Local Authorities).

Highlands and Islands Enterprise (HIE) Operating Plan 2012-15

The HIE Operating Plan identifies the following priorities:

Supporting businesses and social enterprises to shape and realise their growth aspirations

- Private sector-led investments which create jobs and wealth
- Focus on increased turnover, particularly in international markets, and increased employment, especially for young people
- Account management approach
- Support entrepreneurship and leadership development.

Strengthening communities and fragile areas

- Community-led development, including support for transition to low carbon economy and access to alternative funding for community initiatives
- Enabling social enterprise, supporting those which trade in the marketplace or focus on digital connectivity, culture-based activity and the low carbon economy – recycling, renewables, etc – and support the acquisition and development of income-generating assets,
- Focus on arts and culture.

Developing growth sectors, particularly distinctive regional opportunities

- Aligned to GES
- Energy – maintain and extend reputation as international centre for marine renewables (and the Cairngorms has businesses which are part of the manufacturing supply chain)
- Life sciences
- Food and drink – capitalising on international demand to grow industry, maintaining strong support for jobs in remote and fragile areas
- Creative industries – sector dominated by small enterprises, HIE will provide support to access finance for innovation, research and development and realising commercial potential. Support growing international demand for creative content
- Sustainable tourism – which underpins much of the Highlands' economy. Sustained focus on the success of marine tourism and destination development approaches which focus on locations and products through the provision of leadership, development and strategic planning
- Financial and business services
- Universities – developing the knowledge base in areas aligned with regional and sectoral priorities: renewable energy, low carbon and life sciences. Also, maximising opportunities relating to superfast broadband and high level ICT.

Creating the conditions for a competitive and low carbon region

- Creating a digital region – superfast broadband
- Developing low carbon opportunities – renewable energy (marine and offshore wind, alongside infrastructure, fabrication and supply chain activities), investment in digital communications technology, low carbon transport
- Strategic property and business infrastructure, including strategic developments such as Inverness Campus
- A region for young people.

Skills Development Scotland three year Corporate Strategy: Developing people's potential and meeting employers' skills needs

SDS's strategy sets out 4 goals:

- Enabling people to meet their potential
- Making skills work for employers
- Working together to improve the skills and learning system
- Achieving organisational excellence (within SDS).

The strategy develops a number of themes which need to be reflected in a local economic diversification strategy in the Cairngorms:

- Helping people help themselves in identifying and pursuing career options, through the use of the My World of Work website and the ability to call on specialist assistance as needed.

- Creating a virtuous circle of useable intelligence – which starts with the needs of businesses and flows through to schools, FE, HE and training providers (including Work Programme providers). This will enhance the likelihood of the current and emerging skill needs of employers to be met.
- Helping businesses find the right mix of support they need to create a workforce that meets their needs, drawing on the Our Skillsforce website and supplementing this with personal advice as needed.

It will be important for the economic diversification strategy for the Cairngorms to ensure that these clear intents find local expression. This will make sure that local businesses are able to find the right recruits and develop their staff skills to help them realise their growth potential.

Tourism Scotland 2020: A framework for leadership and growth

The National Tourism Strategy shares with other strategies the GES goal of achieving sustainable economic growth. The strategy was developed against the background of action on 6 priority areas:

- *Developing markets*
- *Maximising quality and value*
- *Enhancing and improving visitor facilities*
- *Responding to internal and external changes*
- *Providing industry leadership and strategic direction*
- *Calling for infrastructure improvements.*

At the heart of the strategy lies '*growth via quality, authentic visitor experiences*' and identifies the appeal of Scotland's mainland and islands being 'largely attributed to four groups of assets:

- *Nature, heritage and activities*
- *Destination towns and cities*
- *Events and festivals*
- *Business tourism.*

Of these the Cairngorms focuses strongly on the first but is also able to provide appeal in the area of events and festivals (albeit on a relatively small scale) and business tourism (notably since the re-development of the conference centre in Aviemore, and including the strong appeal of the area for small scale activity focused business tourism).

The strategy itself highlights the importance of tourism on the prosperity of rural communities and the way it feeds into other key sectors such as food and drink, retail, construction and transport.

Tourism growth will be achieved by playing to strengths. In rural destinations, where tourism is often the mainstay of the local economy, stakeholders are working in partnership to grow the value of local tourism by maximising assets such as walking and cycling, adventure tourism, food and drink, local history and culture.

Realising this will require local and national networks of partners who are equally committed to quality and customer service and identification of opportunities to combine complementary products and services.

Strengthening leadership and collaboration needs a strong network of destination and local partnerships to deliver local and national priorities. The Cairngorm Business Partnership is highlighted as an example of a strong destination business partnership.

Cairngorms Food for Life Development Plan

The Plan aims to:

- *Increase food production across the Park through strengthening and developing the viability of primary food producers and food processors;*
- *Increase consumption of locally produced food through developing supply chains and markets for local produce;*
- *Reduce food miles and thus contribute to a low carbon National Park;*
- *Strengthen and develop the viability of the tourism industry across the Park;*
- *Develop stronger links between the food and drink, tourism, retail and land management sectors, health agencies and communities (including education) through the medium of food and drink;*
- *Provide a model for a deliverable and forward thinking Sustainable Regional Food Strategy, which can be replicated across the UK.*

The intended outcomes from action are:

- *Increase in the amount of quality food and drink produced in the Park – more producers and processors producing quality food.*
- *Increase in the use of local food across the Park – more local producers supplying more businesses locally.*
- *Increase in the consumption of locally produced food in the Park – more residents and tourists consuming local food.*
- *Expansion of the Park's local food economy – increase in the development of new businesses and increase in the productivity of existing businesses.*
- *Decrease in the Park's food carbon footprint – reduction in food miles, resource consumption and food waste throughout the supply chain.*
- *Improvement in the health of the Park's residents – more people adopting healthy and sustainable diets.*
- *Increase in the strength and resilience of the Park's communities – more people participating in community activities and initiatives.*

The Plan also outlines areas for development and action required in order to meet the aims and outcomes defined in the Cairngorms Food and Drink Plan:

- *Developing Market Intelligence: Understanding the local food sector, including undertaking an audit of food and drink – grown, bred, produced and purchased*
- *Improving distribution of local produce*
- *Improving supply and availability of local produce*
- *Increasing procurement of local produce*

- *Increasing demand for local produce*
- *Developing food tourism*
- *Building skills and improving collaboration*
- *Engaging schools and communities.*

HIE currently provides specific business support to individual businesses to support them develop into national and international markets. This support is provided to any business, and some food businesses in the Park area are currently being supported.

Most of the five local authority across the Park area have strategies which identify food and drink, including food tourism, as key sectors which will contribute to regional economic prosperity and growth, and have the potential for development through a partnership approach.

Local authorities

We have reviewed the economic development strategies/plans of the five relevant Local Authorities;

- ***Aberdeenshire Council***
 - Aberdeenshire Economic Development Strategy 2011-2016 (page 9)
- ***Angus Council***
 - Angus Economic Development Strategy – Towards Sustainable Prosperity and Angus Economic Recovery Plan (page 10)
- ***Highland Council***
 - Highland Economic Recovery and Development Plan 2013-18 (Draft) (page 12)
- ***The Moray Council***
 - Moray Economic Strategy 2012 (page 12)
- ***Perth and Kinross Council***
 - Perth and Kinross Economic Strategy 2009-14 and Action Plan (page 13)

In the following pages we pull out the features of each which are relevant to the development of an economic diversification plan for the National Park and on pages 15 – 19 we set out their key features in table form.

Aberdeenshire Economic Development Strategy 2011-2016

The Aberdeenshire Economic Development Strategy emphasises activities which are specifically aimed at assisting the economic development of businesses, industries and communities across the region. The principal aim of the strategy is to create the conditions for sustainable economic growth, diversification and regeneration by attracting and supporting businesses and industries and developing communities.

It sets out 10 strategic objectives and related activities which the Council will work in partnership with organisations, businesses and communities to deliver. These are set out in two tables which accompanies the Strategy – Target Industries and Strategic Development Areas – which describe the strategy’s “Priorities for Change”. Both of these cite the Cairngorms National Park in the specific objectives and related activity summarised below:

- *To promote Aberdeen City and Shire as a key tourism destination in Scotland and improve the visitor experience by strengthening and supporting the tourism industry*
 - *Develop a new industry-led Area Tourism Strategy*
 - *Support the further development of the Cairngorms (and Royal Deeside and Banffshire Coast) destination management organisations (DMOs)*
 - *Encourage activity tourism by developing long distance walking and cycling routes, promoting mountain biking, wildlife and coastal leisure activities.*
- *To promote Aberdeenshire as an area where residents, businesses and social enterprises are encouraged and assisted to make their communities self-sufficient and where there are opportunities for all*
 - *Help the CNPA to make the Park an exemplar of sustainable development, showing how people and place can thrive together.*

The Strategy’s accompanying Action Plan outlines measures of success for the above activity, which includes working actively with the CNPA to deliver its economic development and tourism targets as part of the new Park Plan 2012-2017.

Alongside a general commitment to a low carbon economy, which is shared by the Park, the Aberdeen City and Shire Economic Future (ACSEF) target industries are:

- Energy
- Food and Drink
- Tourism
- Agriculture and Fisheries.

The Aberdeenshire business community identified transport issues as the biggest barrier to growth.

Although the Aberdeenshire Economic Development Strategy does not state its delivery framework, each action in its Action Plan is the responsibility of an Aberdeenshire Council Manager.

Angus Economic Development Strategy – Towards Sustainable Prosperity and Angus Economic Recovery Plan

Sustainability and environmental protection are the key themes of the Economic Development Strategy, whose strategic objectives are:

- Economy
- Environment
- Healthy, safe and caring communities
- Lifelong learning.

These are developed further in the Economic Recovery Plan which focuses on supporting jobs and communities, strengthening education and skills and investing in innovation and the industries of the future.

Angus' priority sectors are sustainable energies, tourism and food and drink.

Opportunities and Challenges:

- Angus is described as the 'southern gateway' into the Park and this is recognised as a potentially significant economic driver for the area
- Despite significant growth in the number of people employed in tourism over the last five years, it is estimated that Angus only achieves around 13% of the tourism income that goes into Tayside. The area's position in the Park along with VisitScotland's target of a 50% increase in tourism by 2015 suggests there must be scope for additional tourism growth in Angus.
- Angus is well placed to benefit from Scottish Enterprise's focus on energy, tourism and food and drink as priority industries, aligned to global market opportunities.
Efforts to widen the employment base should initially be focused on energy, tourism and the food and drink sectors
- The population and demography of Angus is considered both a strength and a challenge. The area has experienced outmigration of young and educated residents alongside a considerable influx of EU nationals. There is a balance to be struck in terms of ensuring the needs of both these groups are met to offer employers a skilled workforce.
- Opportunities for new or diversified businesses associated with the green agenda. As well as recycling, renewable energy and energy efficiencies, the strategy identifies opportunities in new technologies, the green service sector, the social economy and sustainable construction.
- Angus has many natural assets resulting from its varied geography. Although there are potentially competing interests in these assets, if these are managed, Angus can protect the asset and maximise an economic return.
More research is required in understanding the complex nature of natural assets and in developing management plans which protect and enhance

these assets. The work of the CNPA will be important contributions to this knowledge base.

Although the strategy describes the Community Planning structure in Angus it does not describe this in the context of delivering either the strategy or the recovery plan, although an Action Plan is in development which may shed more light on this.

The focus of the Angus Recovery Plan is on:

Supporting Jobs and Communities

- *Supporting jobs and individuals* by ensuring Angus is best placed to deal with and respond to future growth opportunities, i.e. coming out of the economic downturn.
- *Supporting households and communities* through specific initiatives focusing on Brechin (via a Townscape Heritage Initiative)
- *Support for new housing and homeowners* which intends to be set out in a Local Housing Strategy
- *Improving infrastructure and planning*
- *Action at the local level and in the Third Sector*

Strengthening Education and Skills

- *Skills support to boost economic recovery*
- *Employability in Angus*
- *Further Education*
- *Reacting to a Changing Economic Environment – links to business*
- *Improving the health of the workforce*

Investing in Innovation and the Industries of the Future

- *Green opportunities for sustainable economic growth*
- *Boosting our innovation and performance*
- *Promotion of Angus business outside Scotland*
- *Supporting key sectors* – Angus Council Economic Development Team assist in collaborative projects aimed at the Council's three main priority sectors – tourism, sustainable energies, and food and drink.

It also lists priorities for the year but this was published in 2010 and these may no longer be current.

Highland Economic Recovery and Development Plan 2013-18 (Draft)

Similar to many other rural areas, the key challenges identified in Highland include low wages, issues associated with fragile and remote areas such as seasonality of employment, demographic changes and geography, and loss of public sector jobs. However, the renewables and energy sectors, skills academies, knowledge economy and key projects and initiatives such as UHI and Kilbeg are all regarded to be considerable strengths and to provide opportunities for economic growth and success.

The Plan's overarching vision is for Highland to be an innovative, creative and progressive area whose high quality of life and the environment, natural resources, and skilled and educated workforce will create the conditions for sustainable economic growth and inward investment. Economic recovery and growth are the focus of the plan's objectives and associated targets.

The four priority elements around which action will be focused are:

- Enabling infrastructure
- Support for business
- Skills and employability
- Creating successful places.

The Cairngorms National Park is mentioned under one topic (Support for Business):

To support key sectors – green energy, tourism, food and drink, life sciences, creative industries, energy, oil and gas, renewables and business services – the Council will work closely with the CNPA to support them to develop the valuable role they play in the wider Highland environment and economy.

Although the Plan does not describe the specific governance structure or delivery framework, it does assign sole or joint responsibility for some priorities and actions to various lead agencies, including Highland Council, HIE, Jobcentre Plus and SDS.

Moray Economic Strategy 2012

The challenges facing Moray include reliance on a few key sectors, particularly public sector and defence, and low pay in other key sectors such as food and drink. Elgin is identified as an underperforming economic driver of the region, exacerbated by an outflow of residents' leisure and retail spend. Tourism is also seen as failing to realize its potential. In addition, Moray has a relatively tight labour market, a low proportion of graduates, perceived remoteness relative to the strategic road and rail network and concerns over capacity of the broadband infrastructure.

On the other hand, it has considerable strengths and opportunities, particularly in terms of its food and drink, tourism, renewable energy and social enterprise sectors. It has a worldwide profile in terms of its brands (including Speyside Whisky, Baxter's, Walker's and Johnstone's of Elgin) and with much of the Spey and part of the Cairngorms National Park in the south of Moray it has the catalyst for a high profile, high value tourism sector.

The strategy has adopted four core targets:

- Encouraging population growth by attracting new residents
- Creating new, high quality jobs in engineering, science and technology
- Increasing employment in key sectors such as tourism and food and drink
- Increasing earnings.

The strategy aims to deliver around the five strategic drivers of people, business, infrastructure, communities and identity. It is accompanied by an action plan which is structured under five linked themes:

- Innovation in Business and Technology
- Developing a high profile, high value tourism offer
- Broadening and developing the economic contribution of Moray's education and health infrastructure
- Developing Moray's cultural heritage and arts assets
- Reinvigorating Elgin as Moray's retail, leisure and civic centre.

The Elgin – City for the Future Masterplan has been incorporated into the Strategy.

A delivery framework for the strategy has been established, with the Moray CPP and private sector led Moray Economic Partnership at its core and five strategic theme groups to take forward action around tourism, transport, employability, development and inward investment. A partner organisation leads each of these theme groups. The structure was developed in partnership with local, national, statutory and private sector stakeholders including CNPA.

Perth and Kinross Economic Strategy 2009-14 and Action Plan

The Strategy has been developed to be relevant for individuals, business and partner organisations, which focuses on actions and sustainable outcomes, and in the context of improved alignment of public, private and voluntary resources.

The overarching vision is:

"Our vision is of a confident and ambitious Perth and Kinross to which everyone can contribute and in which all can share. We will create and sustain vibrant, safe, healthy and inclusive communities in which people are respected, nurtured and supported and where learning and enterprise are promoted."

It has six strategic themes and associated actions and these form the basis of the Strategy Action Plan. These are:

- *Connections and development infrastructure*
- *Lifelong learning at the heart of the economy*
- *Encouraging a culture of entrepreneurship*
- *Supporting and developing businesses*
- *Supporting key industry sectors*
- *Supporting people through employability*

The Action Plan provides activity under each of these themes along with lead partnerships, partners, timescales and current status. A number of sector-specific sub-partnerships have been established, such as Area Tourism, Social Economy and Employability.

On the following pages we present the key features of these strategies and plans in table form.

Aberdeenshire Economic Development Strategy 2011-16				
Key themes	Key aims	Objectives	Key Sectors/Initiatives	Specific reference to Cairngorms National Park
Working in partnership Sustainable development of local and regional economy Renewables	To create the conditions for sustainable economic growth, diversification and regeneration by attracting and supporting business/industry and developing communities	<ul style="list-style-type: none"> • “Anchor” the oil and gas sector • Aberdeenshire is a location of choice for renewable energy business • Support self-sufficient and sustainable communities through the benefits of renewable energy • Major contributor to Scotland “land of food and drink” • Key tourism destination • Partnership promotion of fishing & sector’s resilience • Assist agriculture, forestry & timber industries • Work with partners to deliver Energetica • Known as a supportive business environment that nurtures home grown business and welcomes talent and innovation • Residents, businesses, social enterprises encouraged to make their communities self-sufficient 	<ul style="list-style-type: none"> • Energy • Food and drink • Tourism • Agriculture forestry and fisheries • Energetica (low carbon global energy hub) • Enterprise • Communities 	<p><i>Tourism action:</i> Support the development of the Cairngorms Destination Management Organisation (Cairngorms Business Partnership)</p> <p><i>Communities action:</i> Help the CNPA to make the Park an exemplar of sustainable development, showing how people and place can thrive together</p>

Angus Economic Development Strategy and Angus Economic Recovery Plan				
Key themes	Key aims	Objectives	Key Sectors/Initiatives	Specific reference to Cairngorms National Park
Sustainability and environmental protection	Supporting jobs and communities Strengthening education and skills Investing in innovation and the industries of the future	<ul style="list-style-type: none"> • Economy • Environment • Healthy, safe and caring communities • Lifelong Learning 	<ul style="list-style-type: none"> • Tourism • Sustainable energies • Food and drink 	Angus is described as the “southern gateway” into the Park and this is recognised as a potentially significant economic driver for the area

Highland Economic Recovery and Development Plan 2013-18				
Key themes	Key aims	Objectives	Key Sectors/Initiatives	Specific reference to Cairngorms National Park
<p>Sustainable growth in jobs and investment Working in partnership / inter-agency collaboration Innovation, creativity</p> <p>High quality of life, environment, natural resources, workforce</p>	<p>To support economic recovery and growth, focusing on the long-term but capitalising on short-term opportunities</p> <p>Create and sustain an enterprising and growing economy by providing well-paid jobs and a highly skilled and trained workforce that meets employer needs</p> <p>Maintain population growth</p>	<ul style="list-style-type: none"> • Enabling infrastructure • Support for business • Skills and employability • Creating successful places <p>Targets include:</p> <ul style="list-style-type: none"> • 5,000 jobs created and sustained • 1,250 business start-ups supported by Business Gateway (250 per year) • 3,000 existing businesses supported by Business Gateway • Graduate placements/interns • Supporting people into work, education or training • Living Wage extension to public and private sectors • 5000 new homes, 600 of which will be affordable 	<ul style="list-style-type: none"> • Green energy • Tourism • Food and drink • Life sciences • Creative industries • Energy, oil, gas and renewables • Business Services 	<p><i>Support for Business:</i> To support key sectors, the Council will work closely with the CNPA to support them to develop the valuable role they play in the wider Highland environment and economy</p>

Moray Economic Strategy 2012				
Key themes	Key aims	Objectives	Key sectors/Initiatives	Specific reference to Cairngorms National Park
<p>Strengthening Elgin as a driver of the wider economy, while ensuring the benefits spread across Moray</p> <p>Building on long standing and emerging sectors with growth potential to reduce dependency on defence and public sector</p>	<p>Vibrant 21st century city region with a broad business base providing stable, well-paid employment, with strong communities and a growing population</p> <p>Elgin as the regional economic hub</p>	<ul style="list-style-type: none"> Encouraging population growth by attracting new residents Creating 5,000 high quality jobs focusing on engineering, science and technology, and increasing employment in key sectors Increasing earnings <p><i>Enabling actions</i></p> <ul style="list-style-type: none"> Encouraging population growth Ease of doing business Improvements in regional accessibility Developing the social economy Developing market orientated propositions for inward investment <p><i>Linked themes</i></p> <ul style="list-style-type: none"> Innovation in business/technology High profile, high value tourism Broadening the economic contribution of education and health infrastructure Developing cultural heritage and arts assets Reinvigorating retail, leisure and civic sectors 	<ul style="list-style-type: none"> Food and drink Tourism Renewable energy Social enterprise <p><i>Initiatives</i></p> <ul style="list-style-type: none"> Life Sciences Centre at Moray College UHI Elgin City for the Future Masterplan 	

Perth and Kinross Economic Strategy 2009-14 and Action Plan				
Key themes	Key aims	Objectives	Key sectors/Initiatives	Specific reference to Cairngorms National Park
<p>Relevance to individuals, business and partner organisations</p> <p>Focus on actions and sustainable outcomes</p> <p>Improved alignment of private, public and voluntary resources</p> <p>Long term vision with shorter term actions</p>	<p>To achieve a confident and ambitious Perth and Kinross which everyone can contribute to and share in.</p> <p>Create and sustain vibrant, safe, health and inclusive communities in which people are respected, nurtured and supported and where learning and enterprise are promoted</p>	<p><i>Strategic themes</i></p> <ul style="list-style-type: none"> • Connections and development infrastructure • Lifelong learning at the heart of the economy • Encouraging a culture of entrepreneurship • Supporting and developing businesses • Supporting key industry sectors • Supporting people through employability <p><i>Initial priority areas</i></p> <ul style="list-style-type: none"> • Maximising benefits from public sector activity through procurement activities • Providing focused, joined-up business advice / support • Pro-active response to redundancy and employability • Financial advice / support to individuals • Focus on growth opportunities • Perth city centre improvements 	<ul style="list-style-type: none"> • Tourism • Renewable energy • General insurance 	

Summary

There are considerable differences in the amount and type of information provided in the five local authorities' economic development or recovery strategies and action plans.

Similar challenges are identified in each area, and mainly concern 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 are a common theme across all five plans: in terms of relevance to the National Park there are common strands around tourism and food and drink.

Not all of the strategies and plans provide a great amount of detail about governance structures or delivery frameworks. All do, however, state that working in partnership with statutory agencies, organisations and businesses at the local, regional and national level is crucial to the effective implementation of their plans. Angus, Perth and Kinross and Highland describe sector- or initiative-specific working groups or sub-Community Planning Partnership / Economic Partnership theme groups to deliver their economic development strategies.

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.*

It will, in short, be difficult to imagine that the focus and contents of an economic diversification plan for the Cairngorms will be inconsistent with the strategies and approaches set out in these documents. Indeed, it is 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'.

Our review does raise two specific practical issues about implementation:

- One of these is the role of Community Planning Partnerships. 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. 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 and that the plan provides a basis for greater prioritisation in order to realise the potential of the area to create benefits for the wider Local Authority areas.
- The second issue is around the significance of the process being led by businesses. This is clearly distinctive when compared with the generation process of most of the other strategies, the one 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 for individual businesses and does make 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 the stakeholders 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.

There is one further document which we need to draw upon before pulling out key themes and issues for the strategy. This is the Economic Benchmark for the Park which was produced in 2010 and is the most detailed analysis of the economy of the Park and its distinctive features. In the following Chapter we highlight the key points emerging from this Report and we draw on these and the findings from this Chapter to identify the most important themes and issues for an economic diversification plan for the Park in Chapter

2 Key features of the Park's economy

In this Chapter we describe the key features of the economy of the Park – drawing on the work done for CNPA in the Economic Baseline Review (Cogentsi with Rocket Science, March 2013). We use these features to identify key issues and opportunities in the Park's economy.

Net Migration

Compared with many rural areas the pattern of net migration by age is very strong. Most rural areas see a significant loss of young people from 16 onwards as they move away for education and work, and thereafter a slow return through to retirement age. The fall in the net migration curve around the late teenage years for the National Park area is shallower and the dip is much shorter than for most other rural areas in Scotland (Figure 1). However a significant number of young people move away to FE/HE opportunities (which may be related to the relatively high quality of the local schools – a real attractor for many families). While young people are moving away they are doing so to a lesser degree than in some other areas and/or being replaced by young people moving in (mainly to work in the area). This confirms the appeal of the area for young active people but the graph also shows that the area retains its appeal for people of all ages.

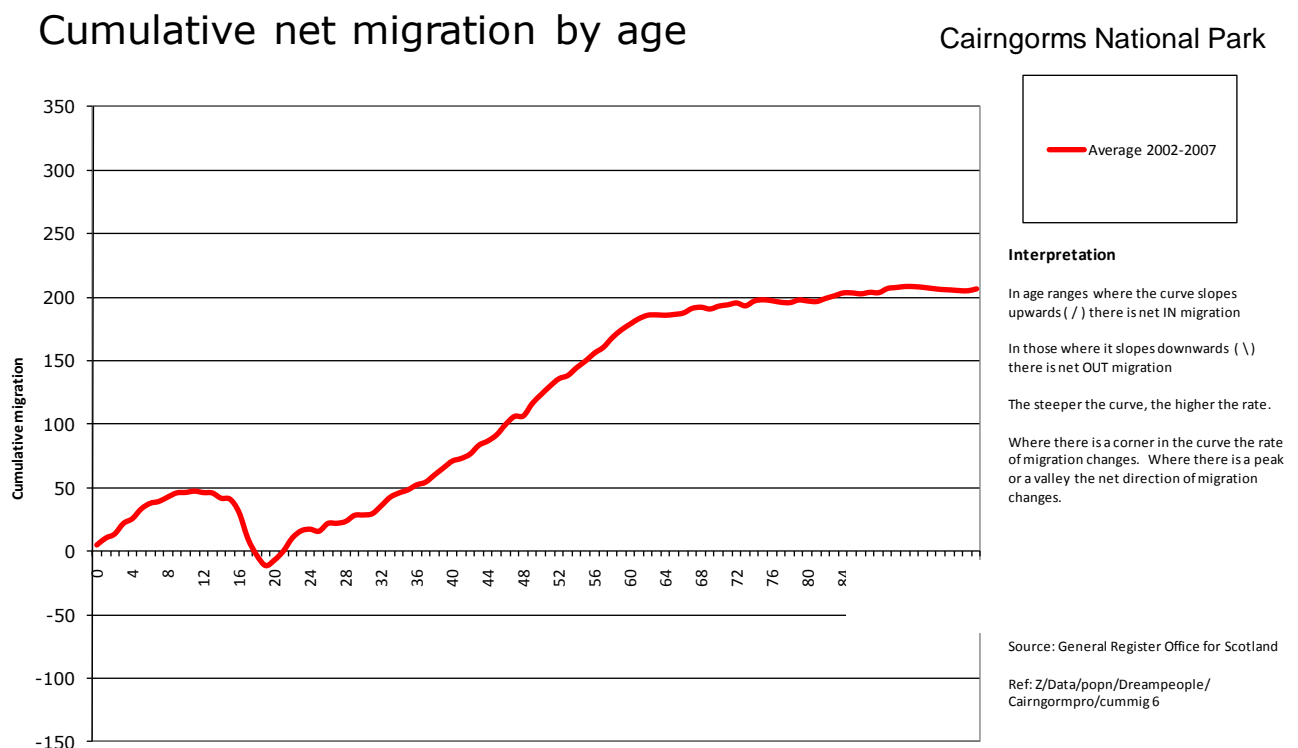


Figure 1: Net migration by age, Cairngorms National Park [Source: General Registrar's Office for Scotland]

There will always be young people who, whatever the local availability of jobs and education/training, will want to go elsewhere at least for a while. But there are two responses to the dip which are known to make a significant difference. One is a local

source of FE and HE education. A good example is the creation of the Crichton Campus at Dumfries which has significantly changed the pattern of outward movement by local young people. The other is the existence of good quality local jobs with prospects.

There can of course be a strong link between these two responses: the creation of local education resources provides both a source of skilled young people and a market for local businesses. It is highly likely that the creation of a local FE/HE facility would produce both these benefits and the independent evaluation of the local impact of the Crichton Campus suggests that such an initiative would bring significant local benefits in terms of a stronger local economy.

As education becomes an increasingly vital global service there does appear to be an opportunity to draw on the creation of UHI to explore opportunities to create a local FE/HE facility – perhaps focusing on some of the specific and unique assets of the Park as a foundation for this. It is possible to focus on a highly specialised educational niche at a European or Global scale which can become locally very significant. Dublin targeting English as a Foreign Language for those whose first language is Spanish is a successful example of this.

The structure of the economy

Employees by broad sector, 2008

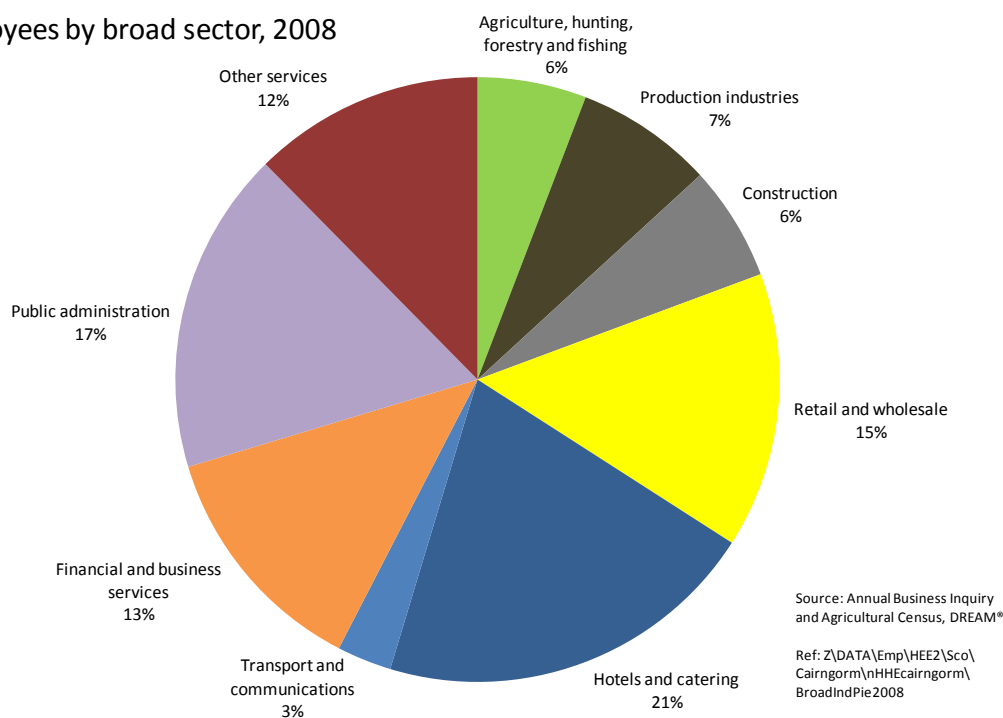


Figure 2: The structure of the Park economy [Source: Annual Business Inquiry, Agricultural Census, Cogentsi DREAM model]

Figure 2 shows that:

- About two thirds of the jobs in the Park are in private sector services
- The proportion of public sector jobs is relatively low and this will help the robustness of the economy at a time when the number of public sector jobs is shrinking
- The tourism sector is – not surprisingly – significant, including as it does distributive trades, hotels and restaurants. But it will underpin the strength of some other sectors as well – for example construction.
- Financial and business services includes call centres and this accounts for much of its substantial recent growth (now about 1,000 jobs).

Gross Value Added 2006
Total £399 mn

Cairngorms National Park

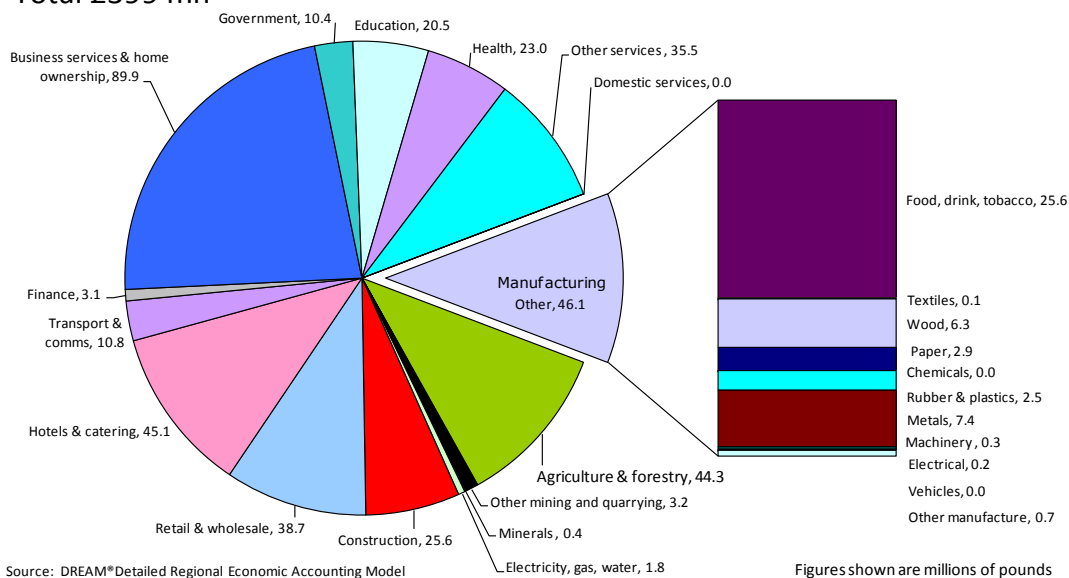


Figure 3: Structure of the Park economy by Gross Value Added [Source: Cogentsi DREAM]

As the 2010 Baseline Report highlights, the structure of the Cairngorms economy is highly unusual:

'The most distinctive sectors in the Park are farming (including forestry, fish farming and game keeping), and the whisky and wood industries. Whisky is the economically largest and by far the most distinctive part of food and drink – but other food and drink sectors are also significant.'

'The largest activity grouping, business services and home ownership, accounts for more than a fifth of the total. Activities which are driven by the tourism, including hotels, catering and retailing account for a second fifth of the total. Government activities, including health and education generate wealth of over £50m each year.'

The most significant aspect of the 2010 research lay in the way that it explored the distinctive business 'clusters' in the Park. The findings are important because cluster have been found to be a very powerful way of thinking about the local business structure and how to intervene to promote business and employment growth.

Distinctive sectors

Cairngorms National Park

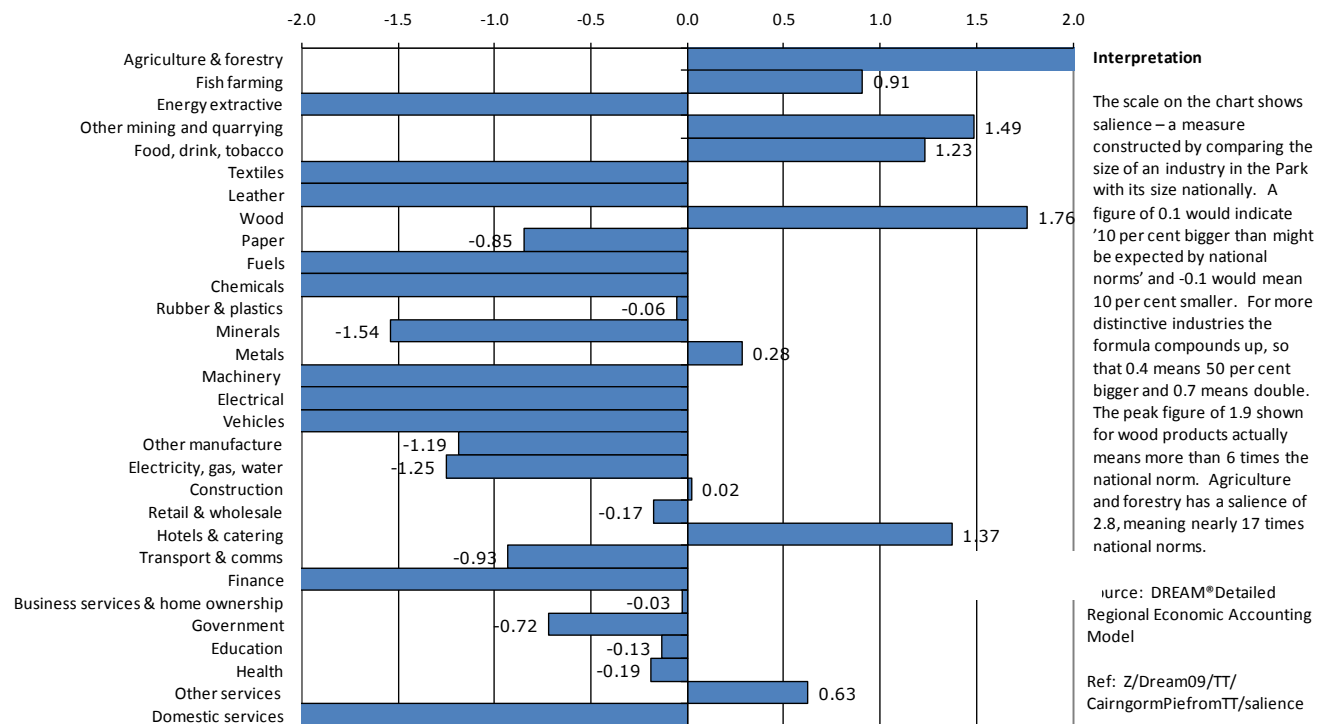


Figure 4: Distinctive sectors in the Cairngorms National Park based on 30 sectors [Source: Cogentsi DREAM model]

In Figure 4 the industries in the Park have been put into 30 categories and the Figure shows the extent to which they are 'over-represented' or 'under-represented' in the Park compared with its size nationally. There are 8 'over-represented' sectors including:

- Agriculture and Forestry
- Fish Farming
- Other mining and quarrying
- Food, drink and tobacco
- Wood
- Metals
- Hotels and Catering
- 'Other services'.

To get a more detailed insight about the strengths of the area the process was then repeated using a much finer 123 sectors (ie with lots of sub-divisions of the 30 sectors shown above).

Distinctive industries in the Park

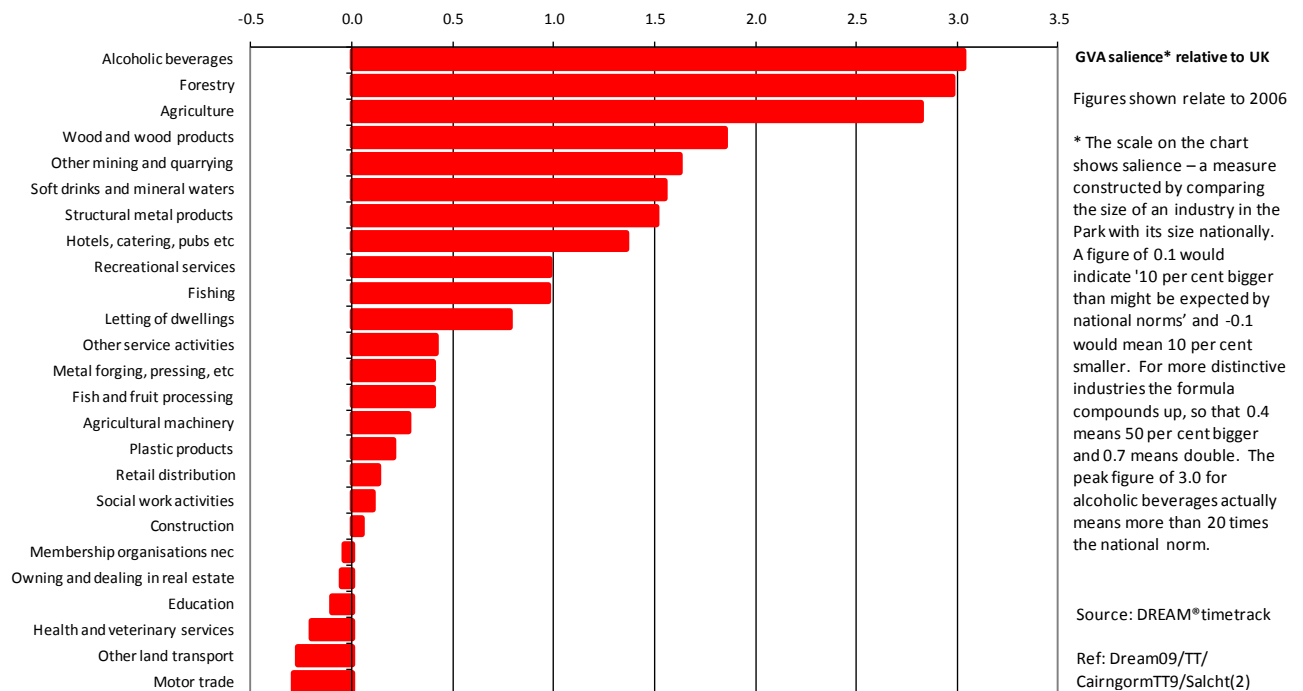
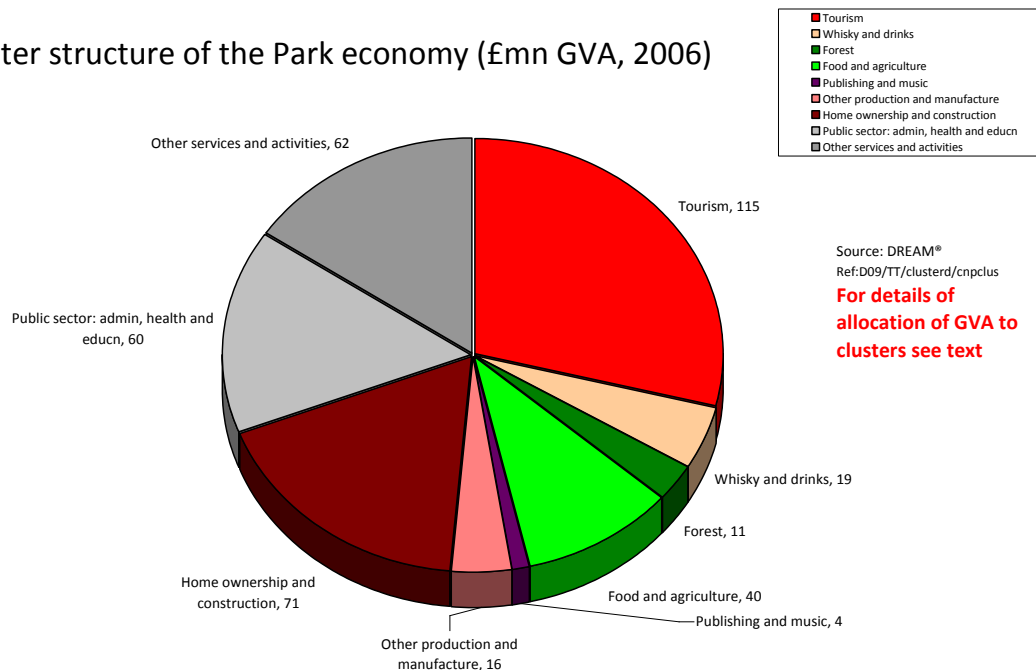


Figure 5: Distinctive sectors in the Cairngorms National Park based on 138 sectors
[Source: Cogentsi DREAM model]

Figure 5 describes the top of the resulting graph, with 19 sectors 'over-represented'. Of these the top 11 (ie down to 'Lettings of dwellings on the left hand axis) are more than twice as significant as in the economy as a whole. V Some of these are linked together – on other words they form a 'cluster'. Figure 6 overleaf describes the main clusters of businesses in the Park.

Cluster structure of the Park economy (£mn GVA, 2006)

**Figure 6:** Cluster structure of the Park economy [Source: Cogentsi DREAM]

Cogentsi are clear about the significance of these sectors:

'The clustered structure of the Park economy is one of its main features. About half of the value added is created in five clusters, all of which earn substantial revenues from nonresidents. The other half of the economy mainly serves Park inhabitants, although it also includes some 'exporting' industries which appear to be relatively self-standing. They have strong linkages in a regional and national context, for example to North Sea oil, but are not obviously parts of local clusters.'

The analysis carried out by Cogentsi identifies 9 significant clusters:

- The tourism cluster
- The whisky and drinks cluster
- The forest 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
- The public sector: administration, health and education
- Other industries and activities.

These clusters provide a useful way of thinking about business and economic development opportunities. For example, the structure of each cluster usually identifies missing links or opportunities, for example in the example in Figure 7 overleaf which describes the flowchart for the forest cluster and the current gaps or under-developed parts of the structure.

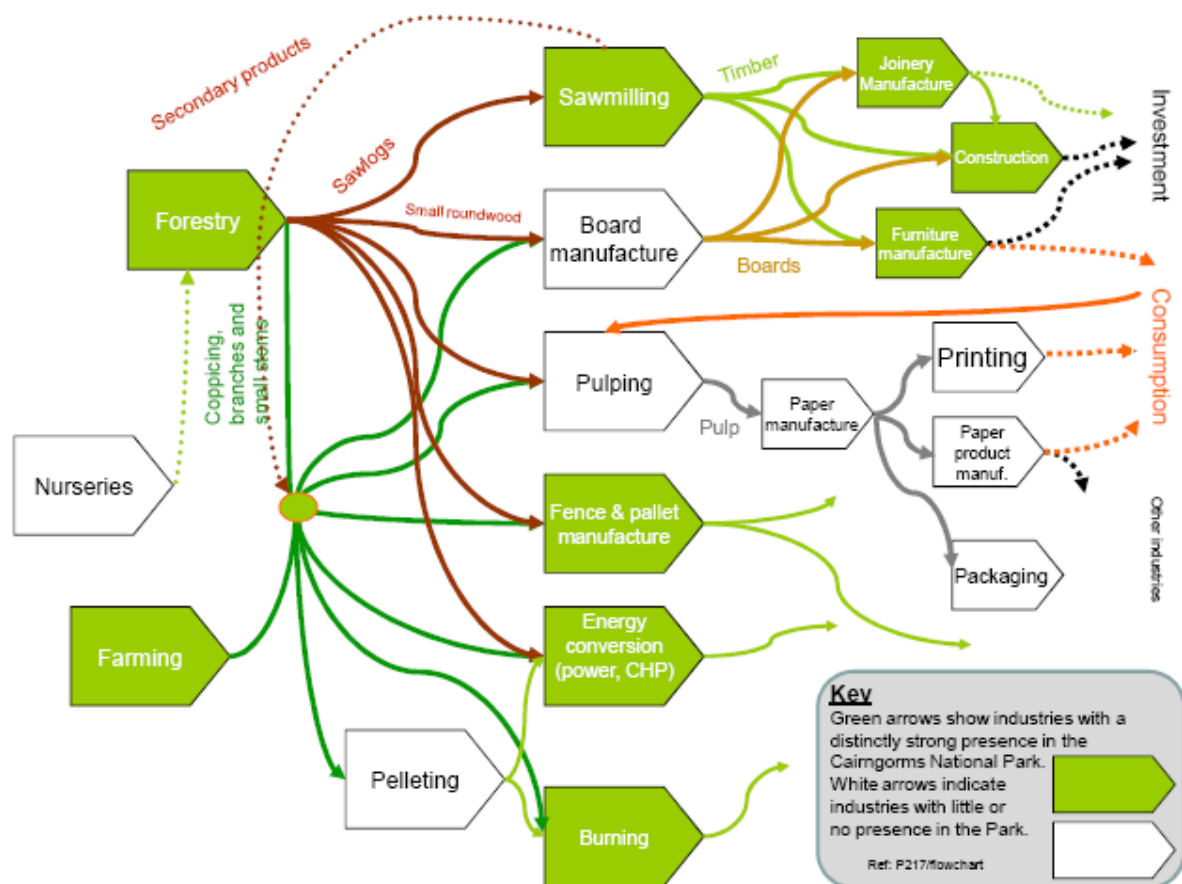


Figure 7: Structure of the forest cluster in the National Park, showing strong and weak presence in the Park [Source: Cogentsi]

This analysis of clusters and the identification of weak industries and links within each of the clusters provides powerful insights into the kind of businesses that can be attracted and the kind of opportunities for growth there are. For example in the example above there seem to be opportunities to develop (albeit on a small scale) quality furniture manufacture and the use of wood materials in local housing – perhaps related to vernacular timber based designs.

The cluster analysis show that (in the words of Cogentsi) '*whilst the Park's economy has some key strengths, it is reliant on a narrow industrial base*'.

Business structure by size

Most of the businesses in the Park (87%) are micro-businesses (ie they employ less than 10 people) out of a total of 1291 workplaces (2007). Figure 8 describes the current distribution of businesses by size and compares it with Scotland (81%) and another rural area (Lochaber, 83%).

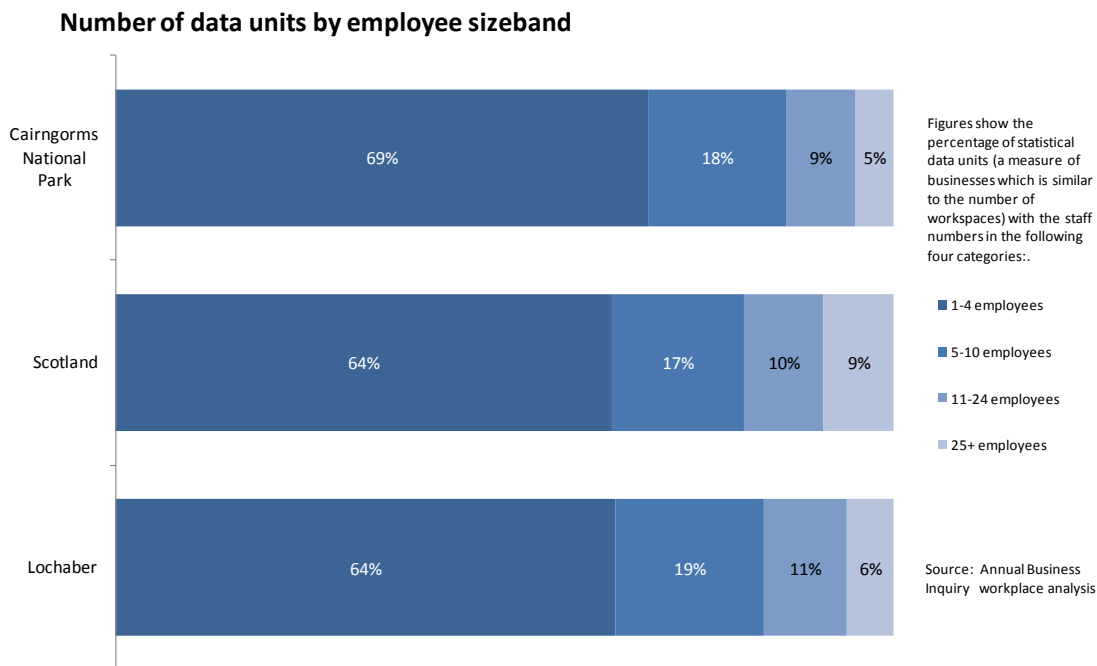


Figure 8: Distribution of businesses in the Cairngorms by size [Source: Cogentsi from Annual Business Inquiry]

Recent studies (eg by Rocket Science for the Federation of Small Businesses, 2013) have identified the distinctive nature and needs of the micro-business sector. The research revealed that:

- Micro-businesses regularly under-recruit – that is, they don't recruit as many people as they could justify by their business needs – mainly because of their perception of the risks involved: in terms of getting the right person, affordability and dealing with the legal requirements. As a result many micro-businesses don't achieve their growth potential.
- With the right support micro-businesses can be helped to minimise the risks and recruit staff. The most effective support has proved to be personal 'mentors' who can help them with:
- Identifying an appropriate role for a new recruit and drawing up job descriptions and person specifications
- Helping with the required administration and making introductions (eg to people in HMRC) and setting up appropriate systems

- Selection and recruitment
- Drawing up appropriate contracts and agreements
- Thinking through the implications for the roles and skills of other staff (eg the business leader may be able to spend more time on marketing – do they have the marketing skills and confidence?) and putting in place appropriate training.
- Helping with induction and any early ‘teething problems’
- The impact of this type of support in an area can be significant. When the Sole Trader Initiative (for very small micro-businesses) was piloted in North West Wales over 800 businesses joined the programme over a 3 year period and over that period 400 of them recruited 500 people.

The findings of the Cairngorms National Park Business Support Audit (Steve Westbrook, July 2010) are pertinent here. What that study showed is an extraordinary wide range of support available for businesses in the Park, which would challenge the navigation skills of even the most knowledgeable businesses.

In the light of these findings we set out in the final Chapter the themes and issues for a diversification plan for the Cairngorms National Park.

3 Themes and issues for a diversification plan

Our review of current relevant strategies and research has identified 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.
- Many of the relevant local authorities share an interest in tourism, food and drink and land based industries.
- 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 valid – but there appear to be significant opportunities for business growth around the further development of the identified clusters
- The analysis of individual clusters will pinpoint 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 promoted for appropriate development.
- The assets of the area together with easy access and a current absence of FE and HE facilities may provide an opportunity to develop such a facility – perhaps focusing on local sector strengths and 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 an academy in the Loch Lomond and Trossachs National Park and there may be lessons 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.

A strategy may therefore be built around the four themes of:

- ***Building on strengths*** – in terms of the areas clusters and natural resources
- ***Targeting inward investment*** on the basis of a careful analysis of the areas clusters and the gaps and weak links that this reveals
- Build 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.
- Develop 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 a business that can thrive in a rural area.