Introduction
Highlands and Islands Enterprise (HIE) is the Scottish Government's economic and community development agency for an area which covers more than half of Scotland. We work with high growth businesses, social enterprises and public and third sector organisations to build sustainable economic growth across a diverse region which stretches from Shetland to Argyll and from the Outer Hebrides to Moray. We are committed to continuing the development of the Highlands and Islands as a competitive region which is home to strong communities, successful, high growth businesses and offers an excellent quality of life.

General Comments
HIE’s experience, and hence our evidence, is primarily in the rural context where much of our work to deliver equality and cohesion over the years has sought to stabilise and grow populations and enhance the resilience of rural communities. This has included our work to develop and grow the impact of social enterprises which have flourished in our area, creating jobs, assisting vulnerable groups into employment and training, delivering services locally as well as a range of social impacts on top of their commercial activities. However, much of that experience we see as being potentially transferable and relevant more widely.

Please find below HIE’s response to the themes of interest and questions as set out in the Committee's call for evidence.

Strategy and Policy Issues

1. How can the linkage between the various strategies and policies related to regeneration be improved?

The Government Economic Strategy is the overarching document from which all government policy and investment decisions flow. There are strong, clear linkages from that document to the Regeneration Strategy, which sets out how the government’s approach to regeneration contributes to its longer term ambitions for sustainable economic growth. However, the latter document has less of a profile and as such perhaps has less of an impact on influencing policy development that might otherwise be the case.

To improve this, HIE would suggest that a schematic which identifies and shows the relationships between the various regeneration strategies and policies could be developed. Presentation in this form would illuminate, in a way that could be easily shared, any overlaps and inter-relationships, together with how those are linked back to the direction given by the Governments Economic Strategy (GES). It could also be beneficial to enable enhanced networking and multi agency objective setting, decreasing duplication and increasing effectiveness. In setting new policy and developing strategies, such an overview together with dialogue with key
partners/agencies could be formative in highlighting areas to be addressed such as under or over provision presently, provide reference for resourcing and enable removal of duplication of effort when revisiting principles, policy, interventions and responsibilities.

2. Can physical, social and economic regeneration really be separate entities? The Committee would find it useful to hear about projects distinctly focussed on one or more aspects, and the direct and indirect outcomes of such activity.

HIE’s, and before it HIDB’s successful experience of delivering social as well as economic regeneration, through it’s broad remit, lead us to conclude that physical, social and economic regeneration are indeed very interdependent. The indivisibility of these activities is what drives enhanced outcomes when these are addressed holistically in an integrated way. The physical manifestation of regeneration efforts are more challenging to optimise in terms of utilisation, maintenance and enhancement, if the social aspects of the community’s ‘condition’ have not been adequately addressed.

Example – Community Buy-out on the island of Gigha
In March 2002 ownership of the island was transferred to Isle of Gigha Heritage Trust, and since taking ownership the Trust has embarked on a serious of initiatives that will improve the quality of life and the long-term sustainability of the island. Projects include installing three income-generating wind turbines (with planning permission for a fourth), improving the quality of housing and island infrastructure and creating local employment opportunities. It is worth noting that renewables and housing were not part of the community’s original regeneration plans at the pre-buyout stage. The sustained Gigha community effort, supported by several public agencies including HIE, has resulted in population growth from some 96 at the time of the community acquisition to some 160 today. School role was forecast to fall to 3 at time of acquisition, but peaked at around 26 and is currently still in the mid teens as pupils leave for secondary education on the mainland. Another social impact negotiated by the community post acquisition was the rescheduling of the ferry services to make it possible for secondary school children to commute daily, ending the need for those to lodge in hostels through the week, and strengthening their connection with the island.

Another illustration of where evidence-led need and community aspiration combined have facilitated significant advancement by a community can be found in Lochaline, on the Morven peninsula in Lochaber. Here a strong community with specific aspirations was supported through HIE’s Community Account Management process: enabling it to identify income-generating opportunities through which to sustain ongoing development by the community. At the same time, HIE helped identify a new operator for a local sand mine, leading to the creation of 11 jobs within a fragile area. These complementary efforts will underpin the future sustainability of this small community. Proactive community engagement followed by strong local leadership and active participation with local employers, have enhanced the community’s resilience.
In South Uist, the community land owner Stòras Uibhist is leading on a transformational around Lochboisdale harbour redevelopment. This is a multi million pound development that will create a new breakwater, new quay and processing facilities for the fishing industry, pontoons for marine leisure craft. It will also open up access to land that can be developed for housing. The harbour redevelopment is also designed to create the capacity for a proposed direct Lochboisdale to Malaig on the mainland ferry service. Social and community impacts will include population retention and growth, enhanced community confidence, increased participation, creation of affordable housing sites, improved village amenities and a greater range of recreational opportunities. Collectively these new developments will be transformational for the economy of Lochboisdale and South Uist.

To date HIE has supported over 150 community asset acquisitions ranging from Hillswick shop in Shetland to Storas Uibhist, Innse Gall (estate buyout of 90,000 acres). Accordingly, we would be pleased to provide more examples of HIE’s work, given that our unique remit for social and economic development, demonstrates this critical interdependence, particularly in fragile areas.

3. Are we achieving the best value from investment in this area? If not, how could funding achieve the maximum impact? Could the funding available be used in different ways to support regeneration?

Successful regeneration is clearly a long term investment in both people and place and as such does not lend itself to a simple return on investment calculation. As highlighted above in the Gigha and Morven, examples (question 2), many of the positive regeneration impacts can not necessarily be quantified at the outset. Add to this the inherent challenges of measuring social benefit and one quickly concludes that attribution and best value are extremely difficult to capture through traditional means.

Economic and social development, underpinning regeneration, in both the urban and rural contexts, is a long-term process. It is a holistic approach that invests in people and place as much as it invests in infrastructure and physical assets. In our experience, successful regeneration that delivers a range of social, economic and environmental outcomes, has a strong community at its core. Ongoing capacity building support to strengthen the community is therefore an essential building block for optimum outcomes. Investment in people and communities can be shown to bring about sustainable positive change and resilient communities.

In this context there are opportunities for value and outcomes to be enhanced. Ways that this could be achieved include funding programmes that enable community led development over the long term complementing physical/infrastructure investments, well aligned to need and maximising opportunity. An example of HIE delivering this kind of programme is our Community Account Management work, where we work with a range of partners to achieve sustainable community resilience.

Partnership Working
4. What delivery mechanisms, co-ordination of, and information on the funding that supports regeneration are required, to facilitate access by all sections of the community?

HIE deploys effective mechanisms to enable communities to access the support and funding they need in order to develop capacity and acquire and develop assets leading to resilience. Enabled through our focus on strengthening communities, we deploy in concert economic and social development approaches which ensure ease of access, and aligned access for all sections of the community.

One example from HIE’s work, is the community led development support (Community Account Management, CAM). As part of the CAM programme each participating community has a close relationship with a nominated HIE officer through an anchor organisation, often a community development trust. HIE, typically with LEADER support, provides funding to those anchor organisations to employ a local development officer (LDO). Those LDOs support the community to recognise its assets and any challenges, with consultation on development priorities, feasibility, and development of an overall community plan and its endorsement by the community. Armed with the plan determined priorities, the LDOs then work to secure funding packages and subsequent delivery of prioritised projects.

Example – Barra & Vatersay Community Account Management
Prior to it becoming a CAM area HIE had supported Barra & Vatersay Community Ltd through ‘Initiative at the edge’ programme for four years. CAM focus has been on securing an income stream so that they can maintain key local services relevant to local needs, which will move them from grant dependency. The capacity of the anchor organisation has increased significantly during this period of support, demonstrated by its current plan to take ownership of the islands and become a major development entity for the future.

HIE currently supports 50 communities through this approach with the majority being in our fragile areas. The outcomes of CAM are measured under the following categories:

- Community demographics
- Economic activity
- Social participation
- Services and amenities
- Environment/land management
- Community income generation
- Ownership of assets
- Overall community confidence.

All of the above, contributing significantly to sustainable community resilience.

In HIE’s experience there is no substitute to community led delivery, firmly rooted in the community. This approach supports and facilitates networking and collaboration at local and regional level, building social capital within local communities. This approach is also optimal for addressing the GES principle of cohesion, as the capacity building support is fully aligned with the needs of the community. Ensuring
appropriate resourcing for community led development is linked directly to the levels of outcome and impact realised.

5. Should funding be focussed on start up or running costs? What is the correct balance between revenue and capital funding? Please indicate reasons for your views

Capital investment is essential to improve the physical fabric of our communities, but should only be progressed if there is a viable plan in place to maintain and enhance it in the longer term. Targeting resources at project that will generate revenue, stimulate new economic activity and improve the attractiveness of place is essential. In some places that will best be achieved by transferring ownership of assets to communities themselves, but in other places it may be that local authorities or other public bodies are capable and willing to deliver the desired outcomes themselves.

HIE suspects that the bulk of regeneration funding is currently invested in capital works that improve environments, deliver services, create employment, and enhance infrastructure. All valuable outcomes, however, HIE believes that such a model doesn’t necessarily optimise regeneration outcomes, as it fails to shift ownership for regeneration progressively away from the state and public agencies towards empowered communities, perpetuating the lead role of the public sector in regeneration.

Shifting a modest proportion of the overall available funding to revenue which supports the development of capacity and structures at community level, in turn supports credible empowered community led contributions into Community Planning Partnerships, and to the identification, planning and delivery of community led development projects. This approach is more likely to deliver a broad basket of strategic outcomes including importantly, enhanced community resilience.

6. How can it be ensured that regeneration projects are sustainable in the long term?

Sustainability of regeneration projects in the longer term can not realistically be ‘ensured’, due to the range of internal and external variables that exist.

However, it is realistic to seek to maximise the ‘resilience’ of regeneration projects, including the robustness of the governance of supporting organisations and the confidence and resilience of communities involved in delivering and enjoying the benefits of those projects. Resilience can be realised through appropriate capacity building, high levels of community ownership and empowerment, robust project planning and thorough due diligence by funders. Maintenance of resilience requires a long term acknowledgement by all partners that that very resilience is the long term goal. That is underpinned by early collective recognition of the real whole life costs associated with communities and their infrastructure.

Practical Issues
7. What actions could the Scottish Governments forthcoming community capacity building programme include to best support communities to “do regeneration” themselves?

HIE has a significant track record of supporting communities to “do regeneration” themselves. This includes delivering programmes on behalf of government and together with partners focused on community led growth, such as the Scottish Land Fund, Initiative at the Edge and the Community Renewable Energy Support Programme.

The provision of specialist advice, guidance and capacity building support is a critical factor to unlock the latent talent, skills, aspiration and commitment within communities. In our experience, community organisations really benefit from access to an adviser knowledgeable in community development (organisational governance, community consultation and engagement, business planning, etc), particularly in the early start-up days. Once organisations become established and more mature, and are well into the ‘delivery phase’ their development needs become more specific.

Community regeneration is an ongoing process which can be complex, lengthy and very demanding in terms of voluntary effort. Communities need to be confident that a) they can succeed, and b) ongoing support will be available. A strong network of public bodies, including supportive local authorities and intermediary membership organisations all play important roles in supporting communities.

Another consideration is EU State aid. This is very complex and dynamic area which impacts directly on communities and third parties as they pursue their ambitions, particularly in relation to capital projects. It also shapes the scale of opportunities which can be pursued; and whilst the purpose of this inquiry is not to reformulate the State aid legislation, it is evident that interpretation and application of this complex legal framework poses a significant challenge.

In this specific regard HIE is leading, together with Scottish Government State aid Unit on an approach to increase the consistency of State aid assessments and maximise an evidence based route for communities through the State aid challenges.

8. What role should CPPs play in supporting the community in regenerating their communities?

CPPs have an opportunity to facilitate and be receptive to well consulted and considered community development plans that are brought forward by the communities they serve. They are also well placed to accelerate development and understanding of strategic collective support, including funding. CPPs also, through the Third Sector Interface, Local Authorities and HIE (not exclusively) have the opportunity to be proactive in engaging to understand the ambitions of their communities – which from HIE’s experience are likely to exceed simply the combination of Community Planning partners.
9. How can CPPs best empower local communities to deliver regeneration? Please provide any examples of best practice or limitations experienced that you think the Committee would find useful in its scrutiny.

Supporting genuine community led and energised development is one way to really empower communities. Through that approach, communities become the owners and deliverers of community led development projects rather than simply among those consulted at the planning stages, prior to delivery by agencies and developers. The ‘having your say’ approach to involving communities has only a very short term empowering effect. True community ownership of regeneration planning, prioritisation, project delivery and maintenance, enhances community capacity and confidence and engenders respect, care and maintenance for the assets and services developed through their own regeneration efforts. Practical considerations for genuine community participation in CCP mechanisms would include addressing inequalities of accessibility relevance and timings, avoidance of barrier language and creating a platform for communities to contribute equally.

10. How can the outcomes of regeneration truly be captured and measured? What are the barriers to capturing outcomes and how should the success of regeneration investment be determined?

HIE has a comprehensive measurement framework that captures financial and non financial interventions, together with financial and social outcomes. In applying HIE’s measurement framework for community led development, we give consideration to base lining the conditions in a community at the outset of targeted regeneration efforts. This could involve desktop statistics, local audit of services and amenities etc, a survey of the community (including around levels of confidence). We recognise that it is important that social, environmental and economic aspects are captured in a way that is relevant to the area being base lined. These will always include population and demographics.

Revisiting the same assessments after 5 or 10 years of well designed and integrated community development will identify outcomes in the areas which the projects/programmes sought to address.

Highlands and Islands Enterprise
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