

**CONVENTION OF THE HIGHLANDS AND ISLANDS  
MONDAY 31 OCTOBER 2016  
INVERNESS**

**PRESENT:**

**Ministers:**

John Swinney MSP, Deputy First Minister and Cabinet Secretary for Education and Skills

Keith Brown, Cabinet Secretary for Economy, Jobs and Fair Work

Fergus Ewing, Cabinet Secretary for the Rural Economy and Connectivity

Humza Yousaf, Minister for Transport and the Islands

**Attendees**

David Alston	NHS Highland
Scott Armstrong	VisitScotland
Alice Brown	Scottish Funding Council
Amanda Bryan	Forestry Commission Scotland
Alistair Buchan	Orkney Islands Council
Steven Heddle	Orkney Islands Council
Malcolm Burr	Comhairle nan Eilean Siar
Angus Campbell	Comhairle nan Eilean Siar
Norman MacDonald	Comhairle nan Eilean Siar
David Campbell	Crofting Commission
Mike Cantlay	HAIL
Stewart Cree	Moray Council
Lorne Crerar	Highlands and Islands Enterprise
Charlotte Wright	Highlands and Islands Enterprise
Joseph Cullinane	North Ayrshire Council
Karen Yeomans	North Ayrshire Council
Margaret Davidson	The Highland Council
Bill Fernie	The Highland Council
Kate Lackie	The Highland Council
Michelle Morris	The Highland Council
Neil Galbraith	NHS Western Isles
Stephen Hagan	COSLA
Nick Halfhide	Scottish Natural Heritage
John Kemp	SFC
Ian Kinniburgh	NHS Shetland
Mary McAllan	The Scottish Government
John McClelland	Skills Development Scotland
Seonag Campbell	Skills Development Scotland
Grant Moir	Cairngorm National Park Authority
Peter Argyle	Cairngorms National Park Authority
Clive Mulholland	UHI
Gary Coutts	UHI
Diane Rawlinson	Inverness College UHI
Gary Robinson	Shetland Council
Ian Ross	Scottish Natural Heritage
Dick Walsh	Argyll and Bute Council

Huw Saunders  
Glen Preston  
Andrew Wright  
Shona Fisher  
Nicole Medalova  
Damien Clough

OFCOM  
OFCOM  
OFGEM  
OFGEM  
National Grid  
National Grid

**Apologies**

Allan MacDonald  
Colin Kennedy  
Ralph Roberts  
John Thurso  
Elma Murray

Bòrd na Gàidhlig  
Crofting Commission  
NHS Shetland  
VisitScotland  
North Ayrshire Council

## 1. WELCOME AND OPENING REMARKS

- 1.1 **John Swinney, Deputy First Minister (DFM) and Cabinet Secretary for Education and Skills**, opened the Convention and welcomed the members. He spoke about how the Convention over the last 9 years has provided an interactive platform for Government to understand the challenges faced within the Highlands and Islands.
- 1.2 Cllr Margaret Davidson, The Highland Council welcomed the attendees to Inverness and made the following points:
- Welcomed the opportunity to engage directly with Ministers.
  - Acknowledged that we are all working towards sustainable communities with a broad based economy that is well connected.
  - Stated that the focus of the day should be how the Highlands and Islands aspirations fit with the Scottish Governments programme.
  - We need to have a discussion on regional aspects and the role of SDS.
  - To drive forward ambition UHI needs to sit at the table both locally and regionally.

## 2. PRIORITIES FOR GOVERNMENT

- 2.1 DFM moved on to the first substantive agenda item on Priorities for Government including:
- EU Referendum Results Response
  - The Enterprise and Skills Review

He made the following points:

- The First Minister has made it clear that one of her main focuses is to close the attainment gap within Scottish education.
- In September the First Minister announced the acceleration of £100 million of capital expenditure.
- The Scottish Government (SG) is committed to investing in our health service to ensure that there is a balance of care including into the community.
- SG has set out proposals around the Social Security Bill and will take forward the new powers that are coming to the Scottish Parliament as a consequence of the Scotland Act 2016.
- SG along with local authority partners and housing associations has set out a programme to invest over £570 million to deliver 50,000 new affordable homes within the next five years and has committed £10 million to support community development through the Scottish Land Fund.

- SG remains committed to the free movement of individuals and access to the single market.

2.2 **DFM** then invited **Keith Brown, Cabinet Secretary for Economy, Jobs and Fair Work** to speak about the Enterprise and Skills Review. He made the following points:

- The review of the four agencies, Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and the Scottish Funding Council was announced by the First Minister in May to explore how to deliver a shift change in Scotland's competitiveness and inclusiveness from the third to top quartile of the Organisation for Economic Cooperation and Development (OECD) nations.
- Scotland needs more companies to export and to improve the number of companies scaling up to become large enterprises.
- SG is promoting joint working between the four agencies and a strategic board will be put in place to oversee this, whilst still keeping the four agencies in place.
- Phase 2 of the Enterprise and Skills Review will look at the governance structures of the strategic board and will consider the particular needs of individual agencies.
- Key amongst recommendations of phase 1 was the establishment of one strategic board to replace the boards which are currently there and that idea is characterised by areas around; hard alignment, the idea of trying to attain joint working between different agencies to achieve more in exports and productivity and increased level of cross-agency working. Phase 2 will work to develop the engagement of the governance structures and additional focus on internationalisation and skills will also come into the mix

2.3 **Fergus Ewing, Cabinet Secretary for the Rural Economy and Connectivity** continued the discussion and made the following points:

- As Minister responsible for HIE he is happy with the First Minister's confirmation that HIE would continue working in the new structures.
- There has been a great deal of success in the Highland economy particularly in areas such as tourism and aquaculture which have been assisted by the depreciation of the pound, although the later particularly is impacted by the lack of certainty about the future of EU citizens and migrant workers who form an essential part of this and many other sectors in the Highlands.
- Mr Ewing would like to record his thanks to Grenville Johnston of HIAL for his excellent service which saw the re-establishment of the Heathrow and Amsterdam links for Highland.

2.4 **DFM** then introduced **Humza Yousaf, Minister for Transport and the Islands**. Mr Yousaf said that he was delighted to be attending his first ever Convention of the Highlands and Islands and went on to make the following points:

- He acknowledged that transport issues are enormously important to the local authorities represented at CoHI however, he wished to focus today on his Islands portfolio.
- The introduction of the Islands Bill will put in place measures around Island proving and taking forward a National Islands Plan.
- Mr Yousaf has re-convened the Ministerial working group which met on 28 September and extended the membership of the group to councils and local authorities that have responsibilities for Island communities. This group will complement CoHI.

2.5 In discussion the following points were made by members:

- Scottish Funding Council (SFC) welcome many aspects of the Enterprise and Skills Review as they reflect a lot of the substance of its own submission to the Review. SFC is committed to work positively with phase 2 of the review and is committed to work alongside SDS to look at ways it could improve the learner journey.
- The review acknowledges the good collaborative work which is taking place within the different agencies and how we build on that progress is one of the key elements.
- Keen to see local governance of HIE because it is unique and has a focus on community development, it also has to deal with fragile communities, depopulation and the kind of structure and permanent geographic disadvantage of the area.
- Concerns were expressed about the future of current EU programmes.
- NATS 2 Traditional Area funding contributes considerably to the equalities agenda and one of the big fears is that as money is repatriated back and does not reach down the line to areas who have these needs. Members asked the Scottish Government's help to find a way of addressing these inequalities whatever comes out of the European situation.

2.6 **DFM** summarised and made the following points:

- The Minimum Income Standard Report highlighted that people in poverty in remote areas are in much more poverty than anywhere else because the cost of living can be up to 40% higher, therefore, we need to ensure that our social security system takes cognizance of this.

- There is a real opportunity for the Scottish Government, Local Government and partners to stand united in the belief that Scotland's interests are best met by remaining in the European Union.
- In assessing the attainment gap the destination of young people and its link to the economic performance is a key issue. However, a whole community response is needed to close the attainment gap, it is not something that just happens in education or early years.
- It is difficult to tackle the issue of educational attainment in schools as there will always be other circumstances. However, we have to acknowledge that our schools will probably be the key influence as they have the opportunity to counterbalance negative effects of home life.

2.7 **DFM** then passed over to **Keith Brown**, to comment on the Enterprise and Skills Review. He made the following points:

- We have to confront the fact that this country has not achieved what we would want to achieve over a number of years.
- We expect phase 2 of the Enterprise and Skills Review to take around 6 months and we are looking for people to come forward with ideas on how to make the new board as inclusive as possible.
- One of the key recommendations of phase 1 was the establishment of one strategic board to replace the boards that are currently there.
- There is no reason why the regional focus will not remain in HIE, its status as a NDPB will remain.

2.8 **DFM** summarised and made the following points:

- There is an opportunity in this Parliament to interrupt intergenerational poverty at every stage through early learning, school education, further and higher education and our social welfare system. However, we need ensure that we have absolute alignment between the different players and that our public sector organisations are all focused in the same direction.
- The EU has been a significantly beneficial factor in the Highlands and Islands as it has a stronger regional policy than the UK has in the last 30 years.
- The UHI concept with a variety of different locations in the country is of strategic benefit to the Highlands and Islands .

### 3. **HIGHLANDS AND ISLANDS BEYOND 2020**

3.1 **DFM** introduced **Kate Lackie from Highland Council** to present a paper on Highlands and Islands beyond 2020. Kate made the following points:

- A workshop took place in August with representatives from all CoHI members and provided a really positive consensus around the key opportunities and challenges faced in the Highlands and Islands.
- The facilitator took the group through a visioning exercise around the following 7 themes: housing; environment; transport; tourism; demographics; connectivity; and skills. By the end of the day the group had reached a broad consensus on where it would like to be by 2025.
- Local authorities coordinated further follow-up work in advance of COHI and condensed the seven themes identified at the workshop into three inter-connected themes of equality of opportunity and demographic shift, future proofed innovation and sustained and sustainable growth.....
- An important issue the group discussed was around the equality of opportunity and the demographic shift. Under inclusivity the group discussed remoteness, access to services, rural proofing and equal opportunities.
- It was agreed that employment is central to economic growth and is crucial for sustaining communities which are dependent on transport and digital connectivity.
- CoHI members were invited to reflect on the work, and asked to agree the following:
  - The 11 priorities identified in the pre-Convention workshop;
  - the 3 over-arching themes of inclusivity; economy and connectivity; and the method for populating future COHI agendas;
  - The Scottish Government reconvene the COHI Senior Officers' Group to draw up a detailed workplan and report back to COHI in Spring and Autumn 2017;
  - The COHI Senior Officers' Group compile information on successful initiatives which could be enhanced by improved collaboration between COHI partners.

In group discussion points raised included:

- To deliver the Scottish Government's plan for Scotland it was agreed that we must develop a plan for the Highlands and Islands. The vision for the future may be the same but a regional approach that is needed.
- We are at the point where we need to see the development of a new profession in social care. There needs to be a career progression for

those who are providing social care, as care workers are providing a service which not that long ago was thought that only nurses could do.

- Housing is a huge issue in the Cairngorms. There is a complete mismatch between incomes and property prices and almost one in four properties in the area is a second home. A recent new development in Aviemore is now 60% owned as second homes, so building new houses is not the solution as this does not meet the needs of people who are living and working in the National Park. The Cairngorms National Park Area held a conference on 20 September as part of the consultation on the National Park Partnership Plan, one of the ideas that came out of this conference was to use the National Park as a pilot because the issues around rural housing is so intense in the park.
- There is going to be a profound change in transport across the world and we need to look at where the opportunities might be for the Highlands and Islands to exploit this.
- We need to look at the Crown Estate in Scotland and think about how land is used and how we might open up new opportunities in terms of changing land use and realising more opportunities, particularly in the forestry sector.
- We are coming into a really exciting time in respect of our transport and connectivity and this gives us the potential to really change our remote and rural areas and our islands if we embrace it and move forward.
- In order to sustain and develop a vibrant economic future for the Highlands and Islands we need to embrace new industries, we need digital improvement, better housing, employability and a better quality of life.

### 3.6 **DFM** summarised and made the following points:

- We need to have a sharper focus to what actually drives the agenda.
- The things that anchor this approach are digital, transport connectivity, education and skills and community.
- Just because we are in a better and stronger place on economic opportunity today than we were 50 years ago doesn't mean to say that it is always going to be like that, as there are significant challenges coming which may impact this.
- Having a focused agenda can bring some significant economic returns.

### 4 **DFM** moved to the next agenda item on Fuel Poverty and National Network Pricing. He welcome Andrew Wright and Shona Fisher from Ofgem and Nicole Medalova and Damien Clough from the National Grid and passed the Chair to **Keith Brown**.



#### 4.1 **Keith Brown** made the following points:

- Fuel poverty remains a priority for the Scottish Government.
- Last week the Scottish Fuel Poverty Strategic Working Group and the Scottish Rural Fuel Poverty Taskforce published reports alongside a Scottish Government research paper on the likelihood of being fuel poor in rural Scotland. These reports made over 100 recommendations which will now be considered by Ministers.
- High energy costs are a key driver of fuel poverty, as network charges represent around a quarter of a standard electricity bill. At the last CoHI it was agreed that it would be useful to invite Ofgem and the National Grid to a future meeting to give a presentation on current network charging arrangements. **Keith Brown** introduced **Andrew Wright** and **Shona Fisher** from Ofgem and **Nicola Medalova** and **Damien Clough** from the National Grid.

#### 4.2 **Andrew Wright, Ofgem** made the following points:

- Ofgem is the statutory economic regulator for electricity and gas in Great Britain. It operates under statutory objectives with its primary objective being to protect the interest of consumers.
- Ofgem does all it can to address the concern around fuel poverty and has been involved with the Scottish Rural Fuel Poverty Taskforce.
- Network costs typically make up about a quarter of the electricity bill and they include the charges for the high voltage transmission system operated by Scottish and Southern Energy, National Grid, Scottish Power and local distribution.
- There are 14 distribution companies that cover Great Britain and each of these recover their costs from their own consumers who are connected to that distribution network, this has been the case for around 70 years since the companies were nationalised.
- The costs of electricity distribution in the North of Scotland are higher. as there is more than twice the national average network length per premises. For example Shetland which is not connected to the central system has its own generation system, so as a result the cost per household is typically double those on a distribution system elsewhere in the UK.
- The level of consumption of electricity in the North of Scotland is higher than anywhere else in the country and that not only relates to the higher penetration of electric heating but also the more severe weather; the heating requirements and the housing fabric.
- OFGEM see the value of there being a link between the local company; their activities; how efficient they are; and how much local consumers pay. OFGEM think they should be accountable to the local

communities they serve and national charging would lose the potency of that dialogue. However, this is clearly an issue for Government.

- Ofgem in conjunction with BAISE will shortly be publishing a call for evidence on the move to smart flexible electricity systems . This will provide particular opportunities for rural areas.

4.3 **Keith Brown** then handed the discussion over to **Nicola Medalova** and **Damien Clough** of the **National Grid**.

**Nicola Medalova, National Grid** made the following points:

- The National Grid with its counterpart SHE Transmission owns the transmission system in England and Scottish Power systems in Scotland. It also increases or decreases generation to balance the system.
- Network costs contribute towards 25% of the bill, however, transmission network costs are only 6% of the bill. The full cost of maintaining the Scottish transmission network is not met in full by the charges that Scottish generators and consumers pay, but is met by consumers and generators across Great Britain.
- National Grid's role in terms of fuel poverty is to find solutions to reduce the cost of the network by moving electricity to balance the systems.

4.4 **Andrew Wright, Ofgem** made the following points:

- The use of smart technology is the key to unlocking new market opportunities
- The existing hydro benefits are set in legislation by the Westminster Government who reviewed the policy earlier this year and made a commitment to reviewing it every 3 years.
- There is value in there being links between the local community, the distribution company, what it charges, and the services it provides, however, there are potential distribution or justice issues associated with this.
- The strongest counterargument in favour of national pricing policy is that it enables less complexity in the retail market. The difference between the regions would only be justified by marketing strategies and by differences in costs, this would create more simplicity in the market, which would be potentially beneficial for competition and for consumer engagement.

4.5 In group discussion points made included:

- If we are going to have a differential in pricing it should be aimed at those least able to pay and those in the highest rates of fuel poverty.
- We have a system in place that stops Scotland from taking advantage of the greatest asset we have, while at the same time this country is going down the route of importing much more expensive nuclear electricity from other countries.
- Shetland is one of the areas identified as the best for renewable energy in the whole of Europe. It has wind turbine that are near 60% efficiency and produces 60% of its capacity every year, yet there is no grid connection to export any of this renewable energy.

4.6 **Andrew Wright, Ofgem** then made the following points:

- There is an issue with social justice and there are similar questions around reducing the costs of people taking their electricity through pre-payment meters.
- Ofgem provide the evidence and advice so that UK Government can make informed decisions on costs.

4.10 **Nicola Medalova, National Grid** made the following point:

- The distribution of transmission costs are to some extent borne by consumers south of the border, so that the cost of managing and maintaining the Scottish system is not met by the recovery of charges from the Scottish consumer and Scottish generators.

4.11 **Keith Brown** then passed asked **Fergus Ewing** who noted:

- That he recognised the substantial role played by the National Grid and Ofgem in an advisory capacity and especially for their participation on the Islands Delivery Group.
- Connecting the Western Isles and the Northern Isles would bring great benefits to those communities as many of the electricity projects are community owned. These benefits will be on a level unprecedented in Scotland totalling £725 million over a 25 year period.
- If we can make progress with one or more of the Island connections then that will do more to tackle fuel poverty than anything else.

4.12 **Keith Brown** closed this session and the meeting stopped for lunch.

5 **DFM** welcomed everyone back after lunch and welcomed Prof Clive Mulholland, Principal and Vice-Chancellor of UHI who had just joined the meeting and moved to the next agenda item on Digital Connectivity; Progress and Opportunities. He passed to **Fergus Ewing**, to Chair the item.

Mr Ewing started by providing a short update on Island Connectors, noting:

- It was indicated in the last session that SG should continue to work towards persuading the UK Government to enable an allocation of contracts for difference which would provide opportunities for island connections.
- Scottish Government and leaders of all the Islands Councils have agreed to write to Greg Clark, Secretary of State for Business, Energy and Industrial Strategy, to re-emphasise the opportunities for the Islands and in construction work which will deliver benefits of £700 million over 25 years, along-side the shovel ready projects which are estimated to be worth £1,300 million. He sought approval for this letter to be issued to the UK Government before the Autumn Statement.

Mr Ewing then moved on to **Digital Connectivity**, noting:

- The SNP manifesto committed to deliver 100% superfast broadband by 2021. Presently the programme is on track to deliver coverage to 84% of homes and businesses by the end of this year (2016) and 70% of that will be at speeds of more than 24 megabits.
- The Highlands scheme was first and has attracted a gains share of an additional £23 million to enable four new areas to be connected. These areas include: Duntulm in Skye; Sandness in Shetland; Scarista in the Western Isles; and Sligachan on Skye. By the end of 2017 coverage across the region will reach 86% of premises.
- Fibre high speed and high capacity, satellite broadband, 4G and wireless solutions are likely to feature in the plans and we expect to launch a new procurement to deliver new investment next year, and we are currently finalising plans to extend digital Scotland superfast broadband and confirming the commercial investment plan.
- Mobile coverage is as important as broadband. In June we published our Mobile Action Plan to encourage more permitted development rights for mobile masts and other relief schemes. There is also a pilot in one of the Highlands areas that is working along-side the mobile industry.
- Working with the mobile operators through CoHI has helped to influence progress throughout Scotland.

5.1 **Fergus Ewing** introduced **Huw Saunders**, Director Network Infrastructure and **Glen Preston**, Director Scotland from **Ofcom** who made the following points:

- Ofcom are engaging right across Scotland and forming relationships with the Scottish Government, the Scottish Parliament, local authorities and other stakeholders.

- Superfast fixed broadband coverage in Scotland has increased by 14% between June 2015 and this year. This is the largest increase in the UK overall and means that around 2.1 million premises are now able to access this service.
- We have seen improvements with mobile coverage, there has been a 7% increase in 3G coverage and we are now moving forward over the next 12 months to the 4G programme.
- Currently only 58% of premises within Scotland receive an outdoors 4G signal, but this is expected to change rapidly over the next 12 months.
- There is a stark comparison between rural and urban mobile coverage with only 65% of rural premises having voice coverage and 11% of premises having 4G coverage. Compared to 98% of premises in Urban areas having voice coverage and 68% have 4G coverage.
- Ofcom is traditionally about encouraging competition however, it is not as effective at delivering good outcomes for rural consumers as they might be in densely populated parts of the UK.
- Ofcom continues to work with the Scottish and UK Government however, there is a limit to what it can achieve through regulatory leverage. It may be that more areas fall for further policy intervention which lie beyond Ofcom's area of capability.
- There are plans to open up BT's network to competitors and there is a new mobile search application which will help Ofcom gather valuable information about coverage, reliability of voice calls, mobile broadband performance and user experience.

## 5.2 In group discussion points made included:

- We need to have a clearer picture of how far BT is going to go and how far the second contract will go in rural areas.
- How are we measuring success.
- Ofcom's willingness to engage is very welcome, however, regulation is not enough, Government must help and the industry must step up to the plate.
- The Scottish Fire and Rescue service have been offered 99.6% coverage from EE by 2019 and it is expected that other operators will be able to use these UKG built masts to offer improved coverage in rural areas.

5.3 **Ofcom** responded and made the following points:

- EE is going to deliver enhanced new base stations that are being funded from the public sector. This infrastructure should be capable of extending beyond the footprint that the current commercial roll out of 4G will achieve.
- Ofcom's consumer group is having a conversation with BT about honesty with consumers and potential changes to Openreach.

5.4 The discussion was then passed to **Charlotte Wright** from HIE who made the following points:

- Digital Scotland's Superfast Broadband Programme now has 195,000 premises in the fibre network (over 200 settlements now connected).
- Community Broadband Scotland has worked with over a hundred communities, which is over 1,100 live connections, and each local authority should have received an update on the mobile position directly from HIE.

6. **DFM** moved to the next agenda item which is Highlands and Islands Skills Investment Plan; Progress Update. He welcomed **John McClelland, SDS, Councillor Norman Macdonald** from **Comhairle Nan Eilean Siar**, and is also Chair of the SIP Programme Board (PB) and **Seonag Campbell**, Area Manager, **SDS**.

**John McClelland** introduced the paper and stated that:

- The launch of the Skills Investment Plan at CoHI on 27 October 2014 is one of the best examples of partnerships across agencies and stakeholders.

**Norman Macdonald** continued and raised that following points:

- The Programme Board (PB) needs to convey the message that there are ways of learning, which do not include schools and higher education.
- The PB carried out a regional skills assessment across the Highlands and Islands with all of the 7 local authorities and a whole range of other partners. The group also agreed at its last meeting to invite the NHS to sit on the group.
- Most of the Skills Invest Plans (SIP) have been completed and any of the plans outstanding will be completed within the next month or so.
- There is a need to be involved in de-cluttering the landscape on the learning pathway for young people, to give them the knowledge and confidence to adapt to circumstances that change.

6.1 Norman then passed over to **Seonag Campbell**, Area Manager, **SDS** who made the following points:

- SDS have committed to producing the annual regional skills assessment report that captures the evidence at both the Highlands and Islands level and at local level.
- The PB supports the development of local skills investment plans and the common issues shared across the whole of the Highlands and Islands, particularly around issue such as population, the need to diversify, small and micro businesses and connectivity issues.
- Nearly 25-30% of foundation apprenticeships in Scotland are going to be delivered in the Highlands and Islands.
- Since the launch of SIP there has been a 6% increase in the number of modern apprenticeships across the Highlands and Islands. There are now 2,492 modern apprenticeships in the Highlands and Islands across a wide variety of frameworks. However, the group wishes to increase equality and diversity as it is currently not seeing enough women coming into the modern apprenticeship framework.
- There is a pilot running in the Highlands on civil engineering and graduate level apprenticeships for ICT and digital businesses going forward.
- The Highlands and Islands next generation research is welcomed where 43-53% of young people who lived in the island areas stated that they were very positive about continuing to stay in the area. The young people also stated that education was very important to them.
- The £80 million of investment by the SFC in Further and Higher education is welcomed as is the £2.9 million investment in research. It is hoped that these investments will ensure that the Highlands and Islands is a place that people want to come, study and stay.
- SDS are looking to improve the provision of talent attraction going forward and the most recent regional skills assessment conducted in 2016 indicates that it could be looking at significant replacement demand across the occupational groups in the Highlands and Islands.
- SDS will ensure that its evidence continues to inform future planning to help assess progress. It will work with CoHI senior officers' to make sure that there is alignment and de-cluttering.

6.2 The brief group discussion points highlighted the following:

- Shetland Council brought forward the learning partnership early on, but it continues to have concerns about the apprenticeship levy.
- Shetland Council has invested a lot of money to ensure it delivers more modern apprenticeships. This contributes towards young people remaining on the island. However, budget cuts will be a real risk to its communities.
- There is more willingness from our young people to stay on the Islands than there has ever been before. Therefore, it is important that there is engagement with young people at the earliest opportunity to nourish this and show them the opportunities available to them.
- In health terms it is critical that we grow our own, given the challenges we face going forward, not only with the demographic shift in the population but the ageing workforce. We need to have tailored training available that specifically addresses the needs of health and social care so that we can retain our young people and give them a worthwhile career in the health service.

6.3 **John McClelland, SDS** responded and made the following points:

- There is around a dozen sector skill investment plans which are being monitored and managed in the same way as the Highlands and Islands Regional Plan. SDS is determined that these plans interlock but do not duplicate.

6.4 **DFM** closed the discussion and made the following point:

- SIP has been a sustained part of the CoHI agenda for a few years and it illustrates an area where COHI can bring a very good cohesion to the approach across the Highlands and Islands.

7. **DFM** moved to the next agenda item which is Realising UHI Strategic Vision and passed over to **Prof Clive Mulholland, UHI, Principal and Vice-Chancellor** and **Dr John Kemp Interim Chief Executive Scottish Funding Council**. **Prof Clive Mulholland** made the following points:

- The strategic plan for the university focusses on around 3 areas; our students, research and our region.
  - Students; the learner journey, providing opportunities for young people who don't want to leave area.



- Research; focused world class research, build on success around environmental health, cultural studies, history, creative industries and food and drink.
  - Region; University spread over 13 locations with 76 learning centres throughout Highlands and Islands. Huge investment in video teaching which has been recognised internationally. University is embedded within community and make significant contributions to local and national economy.
- UHI is a complex organisation, so it has a simple strategic plan to attract young people and provide them with opportunities in the region.
- UHI does not just operate locally and regionally but also at a national and international level.
- Strategic alignment / collaborative work undertaken by university is reflected in the School of Healthcare and Life Sciences, working in partnership with businesses and companies.
- Nursing within University provides good example of collaboration, working with University of Stirling on transfer of nursing and pulling together a range of funding streams to create a distributed School of Health. Current activity includes conversations with a private healthcare provider to create new programme to the develop workforce
- The School of Healthcare is focussing on remote and rural using telemedicine and digital to support patients at home but also deliver clinical services in the social care setting.
- The example of what's been done in healthcare then needs replicated across major sectors to deliver on digital, food and drink, tourism and engineering.
- Noted that help through supporting the University through strategic funding welcome. In return for strategic alignments and funding support University can and support and deliver new programmes for existing stakeholders, work with new companies coming in, act as a driver for economic change and work with stakeholders in partnership to deliver on government agendas such as innovation, research and access.
- An important role for the university is to provide support and encourage inward investment and business growth in Highlands and Islands.
- SFC share vision set out by UHI as a modern tertiary university but this is challenging. Universities are competing for every student. UHI has a

great opportunity, the example being health but also the expansion of childcare UHI can offer much potential.

**Dr John Kemp** made the following points:

- SFC share UHI vision and agree that it can offer opportunities that many other universities can't.
- There has been a lot of work to improve the learner journey through developing the young workforce and vocational pathways.
- UHI needs to bring the rest of the world and the rest of Scotland to the Highlands.

7.1 Discussion comments on this topic by members included;

- We need to create a career structure for care workers to bring them into the parallel situation with the Health Service, because the regulatory authorities have a relationship to the Care Inspectorate who demand certain approaches for the care staff. Care workers are distinct from nurses and should be recognised as doing something very different to nurses.
- There is a real need for highly skilled generic workers who genuinely span between health and social care.
- A lot of work has been done on the governance arrangements and UHI needs to ensure that that members are all well aligned and understand the new structures so that everyone can work better together.
- The examples of the School of Health Science and Life Sciences is an exciting challenge for everyone involved in the UHI journey.
- Clarification sought as to whether the changes being considered over the 10 year span would still include the commitment to have learning experience in different parts of the H&I's.

Outcomes from the day and next COHI

8. DFM went through the draft outcomes from each item and these were agreed by members with minor changes. The final outcomes to be published soon.

- **Outcome 1**

The Scottish Government will drive forward transformational policies to close the educational attainment gap and achieve sustainable and inclusive growth, working closely with COHI members to deliver better and locally differentiated outcomes for communities across the Highlands and Islands. COHI members will be fully engaged, in particular, in progressing Phase 2 of the Enterprise and Skills Review.

- **Outcome 2**

Recognising the significant influence of the EU for developments in the Highlands and Islands, and the Scottish Government's commitment to protect Scotland's place in the EU, the government will also seek to develop a more integrated Team Scotland approach involving all Scotland's representatives on the Committee of the Regions.

- **Outcome 3**

COHI members welcomed prior work to identify priorities for the Highlands and Islands, post-2020, and endorsed the proposals to develop sequenced work plans by the COHI Senior Officer Group and for discussions at COHI meetings in 2017. While recognising the importance, relevance and inter-relationship of all the priorities identified, four themes most likely to deliver a strong and vibrant economy in the Highlands and Islands, at pace are: digital and transport connectivity; education and skills; economic and quality employment opportunities; and community. COHI partners acknowledged the importance of strong, coordinated and focused drive from all in delivering significant economic impact for the Highlands and Islands. The Scottish Government will continue to facilitate this work.

- **Outcome 4.**

COHI members noted that Ofgem and National Grid highlighted that the issue of electricity network charges is reserved to the UK Government. It was agreed that the UK Government Energy Minister, Baroness Neville-Rolfe, be invited to the next meeting in order to speak on the UK Government's policy position on the distribution of network costs across GB and fuel poverty in the North of Scotland.

- **Outcome 5**

Mr Ewing highlighted that since the last meeting of COHI, and the letter that had been issued as an action from the meeting, there had been no announcement from UK Government on the Remote Island Wind Contract for Difference. COHI members endorsed another letter be sent from the Deputy First Minister, Angus Campbell, Steven Heddle and Gary Robinson to the Secretary of State for Business Energy and Industrial Strategy Greg Clark MP and this be press released in order to bring attention to the matter in advance of a decision being made.

- **Outcome 6**

Following informative presentations from Ofcom and HIE, Mr Ewing reflected that there had been tremendous progress on improving digital connectivity but this was not sufficiently well recognised. Copies of both presentations should therefore be circulated to all CoHI members. Mr Swinney noted that Ofcom should advise SG and CoHI as to when they would seek further powers from DCMS as this would be an

opportunity for making a strong supportive recommendation to the UK Government.

- **Outcome 7**

Clr Norman MacDonald and Seonag Campbell presented an update on partners work delivering against the H&I Skills Investment Plan. The progress was welcomed and COHI's influence on the development of the plan recognised. Contributors recognised the real challenge of replacement demand for skills in areas like Health & Social Care and reference was also made to the introduction and implication of the new Apprenticeship Levy. Members agreed that NHS partners should join the Programme Board and ensure that Sectoral Developments are fully integrated and where possible action is taken to de-clutter and simplify systems. DFM endorsed this progress and offered continued support for the delivery of actions within the Regional Skill Investment Plan

- **Outcome 8**

COHI members endorsed the vision for UHI's Strategic development, recognising that the focus on learners, research and place resonated with discussions throughout the day about SG Programme for Government and H&I priorities post-2020. This strategic alignment provides a framework for UHI development and the action of COHI members.

9. DFM invites views on future agenda topics and members highlighted the following as of potential value:

- Transport issues affecting the Highlands and Islands.
- Connectivity and Digital
- Housing

10. DFM brought the meeting to a close, thanking all attendees and invited people to dinner. He also confirming date of next COHI, which will be held in Shetland on 20 February 2017.