



Scottish Council for
Development and Industry

POLICY SUBMISSION

ECONOMY, ENERGY AND TOURISM COMMITTEE

ENTERPRISE NETWORK INQUIRY

September 2010

SCDI is an independent and inclusive economic development network which seeks to influence and inspire government and key stakeholders with our ambitious vision to create shared sustainable economic prosperity for Scotland.

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Enterprise Network Inquiry

1. SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes business, trades unions, local authorities, educational institutions, enterprise agencies and the voluntary sector.

Value of recent reforms

What impact has the rationalisation of the enterprise network and the abolition of the LECs had on the quality or effectiveness of the services delivered?

2. The rationalisation of the enterprise network and the abolition of the LECs created structural clarity in how the Scottish Government proposed to deliver its Government Economic Strategy, defining clear roles for Scottish Enterprise and Highlands and Islands Enterprise in strategic national and regional economic development, and for local authorities in leading on local economic development.
3. Key services, such as Proof of Concept, continue to be delivered effectively and new high-quality services, such as the Scottish Manufacturing Advisory, have been developed. Particularly more recently, there has been good progress in Government and the enterprise agencies strengthening engagement with industry and academia in sectoral advisory groups and improving understanding of industry demand and academic supply. This is most obvious with energy.
4. Overall feedback on the quality and the effectiveness of services can be mixed. Criticism is not always evidence-based and may relate to a lack of clarity following the changes to services and grant regimes instigated by the reforms. While the abolition of the LECs architecture reduced unnecessary bureaucracy, the loss of the LEC Directors has, perhaps, reduced dialogue on these changes.
5. Feedback from businesses is that the Scottish Enterprise account management model generally delivers successfully for the companies at which it is targeted. The benefits for businesses are maximised when it draws upon national and local support to address all their company needs, for example, planning and transport.
6. Clearly the impact of the reforms on the targets in the Government Economic Strategy can only be fully judged in the longer-term and will greatly depend on the resources made available to deliver high-quality and effective services. When exceptional items such as capital acceleration and additional provisions are included, Scottish Enterprise's budget is now 16% lower than in 2007/08. The equivalent figure for Highlands and Islands Enterprise is 43%, which is similar to the worst case scenario for many public bodies over the next three or four years. Local economic development expenditure has fallen considerably in the period too. It has to be questioned if budgets are sufficient in view of the challenges.

7. The need to focus on opportunities and priorities, declining resources and clear evidence of the significance of hubs and clusters, supports the sectoral priorities strategy, though the risks of Government 'picking winners' are acknowledged. However, good business ideas should be supported in whatever sector they arise. Figures from Scottish Enterprise show that 'non sector' represents the third large 'sector' of its account managed companies and many other companies are in sectors outwith the seven priorities in the Government Economic Strategy.
8. A positive change at the time of the reforms was social enterprises moving to the Enterprise from the Communities portfolio, which has helped the sector tap into many of the skills and business contacts it will need to grow. However, at the same time Scottish Enterprise was also focussed on high-growth companies and the sector believes that the services available to it are patchy. The strengthening communities remit of Highlands and Islands Enterprise and history of support for community enterprise means that effective services for it are a higher priority.

Has the transfer of activities, such as the Business Gateway service, to local authorities improved the delivery of services to local businesses and what evidence is there of this?

9. The transfer of the Business Gateway to local authorities has resulted, SCDI understands, in no loss of contract performance or fall in customer satisfaction. SCDI is not aware, as yet, of evidence from businesses of an improvement in service delivery, although integration with complementary local authority economic services may enable and make this more obvious externally in time. Business Gateway was not previously on offer in the Highlands and Islands and was launched officially only a year ago, so its services are still being developed.
10. Small business feedback indicates that Business Gateway continues to provide a generally good service for start-up businesses, but that its uniform approach to delivery resulted in a lack of flexibility during the recession to adapt to new circumstances. It continued to focus on start-up and growing companies, and was unable to achieve its targets, when a higher priority at the time was business sustainability and survival. Such flexibility should be written into future contracts.
11. Business users have also recommended that advisors need to continue to be refocused towards offering support for bottom-up market research and sales.
12. SCDI has concerns over the priority which services for local businesses and the economy, which support the Scottish Government's core purpose, are already being given and will have in difficult forthcoming local authority budget decisions. There is a need to enable local authorities to sustain resources. SCDI is also supportive in principle of mechanisms which relate improved delivery of services to local businesses and local economic development to local authority funding.

What has been the experience of businesses that are not account-managed by Scottish Enterprise/Highlands and Islands Enterprise since the 2007 reforms? Are

such companies finding it difficult to attract the support they need from the enterprise agencies and what evidence is there of this?

13. A gap resulted from the 2007 reforms between Business Gateway services for start-ups and growing SMEs, and account management by Scottish Enterprise of larger and high-growth businesses and by Highlands and Islands Enterprise. While there is greater strategic clarity about what the enterprise agencies do, companies which are not in either of these categories may feel more distant from economic strategy and find it harder to attract the support they may require.
14. This became a more pressing issue during the recent recession, when sustainability and survival of the existing business base was suddenly threatened and services had been re-focussed on start-ups and high-growth businesses. Additional intermediary services and support has been developed in response, but there remains a perception that Business Gateway is not aimed or as good at ongoing advice and services, for example in comparison to what was on offer from Highlands and Islands Enterprise. Business Gateway is refocusing its marketing and the design of the new delivery contracts for its services post-2012 represents an opportunity to address the difficulties in attracting support and gaps existing companies which are not account-managed have experienced. Work on the design of these new contracts should commence without delay.

How joined up are the various agencies that are now charged with supporting economic recovery? Are there examples of successful partnership working between, for example, SE or HIE and local authorities? How has the establishment of the strategic forum assisted in this regard?

15. The various agencies report that they are more joined up than ever, nationally through the strategic forum and regionally/ locally through regular strategic meetings, Community Planning Partnerships (CPPs) and specific project boards. Agencies have worked together on regional/ local economic recovery plans and co-leadership has been particularly important in securing European funding.
16. While these national and regional/ local forums undoubtedly serve a purpose, communication and engagement with businesses and the wider economic community on their discussions and outputs has generally been less successful. The effectiveness of Single Outcome Agreements in prioritising and delivering increasing sustainable economic growth at a local level is yet to be proven. Businesses have limited understanding of the process and Agreements or input into their development, despite their often vital role in delivering the outcomes.
17. Services such as the Scottish Manufacturing Advisory Service and Scottish Development International have been co-ordinated across both enterprise networks, and EMEC is a project in which both are partners. Examples of successful partnership working on projects between an enterprise network and local authorities include the Highland Campus, Clyde Gateway, Fife Energy Park, Dundee Waterfront and Aberdeen City and Shire Energetica energy corridor. Area enterprise network offices may also be co-located with Business Gateway.

Various national agencies, including Scottish Enterprise and Highlands and Islands Enterprise, have supported the development of National Performance Indicators by the Scottish Local Authorities Economic Development Group.

18. The National Renewables Infrastructure Plan is a good example of an investment plan for a key sector developed in partnership by Scottish Enterprise and Highlands and Islands Enterprise with industry input, above all from renewable developers. However, it stands out as a recent successful example of its kind.
19. There have been suggestions that priority sectors are being downplayed by Scottish Enterprise. On the other hand, recent briefings from Scottish Enterprise have listed enabling technologies as an eight priority sector, which has not been communicated widely and is not reflected by Highlands and Islands Enterprise. Communications could be further strengthened. For example, there is a lack of detail about plans for and the launch this year of the Scottish Investment Bank.

What distinctive contribution has been made by HIE as a result of its social/strengthening communities remit? Should the same obligation be applied to SE?

20. Highlands and Islands Enterprise's social/ strengthening communities remit reflects the distinctive and acute challenges of increasing sustainable economic growth in a peripheral, rural, economically fragile and sparsely populated region. Community development has been a core to the region's economic development organisation since the creation of the Highlands and Islands Development Board. This has enabled it to support, for example, community land ownership and renewable energy projects, and its programme to fund SMEs and social enterprises to employ graduates offers extra support for those in 'fragile' areas.
21. Highlands and Islands Enterprise remains responsible for local regeneration in its region and, in general, focuses its resources on such peripheral 'fragile' areas. It should be noted that local authorities in the Highlands and Islands must fund local regeneration activities in other parts of the region where deprivation exists.
22. It is a legitimate role for an enterprise agency to intervene for equity reasons. There is international evidence that more equal societies have better outcomes. However, Scottish Enterprise's lack of skills, experience and success in social/ strengthening communities, and the need to avoid duplication of effort with local authorities, should be carefully considered before the same obligation is applied. In these circumstances, if community development in the Scottish Enterprise area is given a higher priority, the most effective and efficient route would appear to be Scottish Government support for increased activity by local authorities.

Have COSLA and SE been able to agree on what constitutes local, regional and national regeneration? Are local authorities maintaining levels of local regeneration activities? What benefits have accrued from the transfer of local regeneration activities to local authorities? What has been the impact on regional

regeneration projects? Have any regeneration projects failed or been cancelled as a consequence of this transfer of responsibilities?

23. Resources, rather than whether there is agreement on what constitutes local, regional and national regeneration, would appear to be the main issue at present. The levels of local regeneration activities have not been maintained since the abolition of the LECs. Local authorities believe that, even with the temporary stimulus of the Town Centre Regeneration Fund, there has been significantly less funding for them to invest in regeneration than was available to the LECs. At a national level, constraints also would seem to be at play because most of the national regeneration projects for which Scottish Enterprise is responsible pre-date the transfer of activities. The problem is, therefore, less that regeneration projects have failed or been cancelled, and more that new local, regional and national regeneration activity has slowed down and that national, local and private funding for regeneration is certain to be lower for the foreseeable future.
24. Regeneration generally involves capital investment. Figures from the Centre for Public Policy for Regions show that, if the health budget is ring-fenced, there will be a 60% cut in all other capital budgets from 2010-11 to 2014-15, which would mean £0.34bn for local government and £0.11bn for housing and regeneration.¹ At the same time, regeneration projects will need far higher public subsidy. The UK and Scottish Governments need to reassess their capital investment plans, and work with Scottish Enterprise and local government need to explore a range of private sector funding mechanisms to deliver essential regeneration projects.

The Cabinet Secretary envisaged that Regional Advisory Boards would provide a link between local, regional and national delivery. How is this working in practice and what links have been provided?

25. While the abolition of the LECs and LEFs architecture reduced unnecessary bureaucracy, the loss of (unpaid) LEC Directors has reduced engagement between local and regional business communities and the enterprise networks. As LEC Directors were 'embedded' within the business community, this was often useful in providing regular feedback to the enterprise networks on business conditions and their services, and explaining to businesses the services on offer.
26. Regional Advisory Boards, where they exist, are not in general felt to compensate for the loss of this two-way relationship. An exception is Aberdeen City and Shire Economic Forum which is a strong public-private partnership. By and large, engagement and communication with local authorities and within Community Planning Partnerships (CPPs) would appear to be increasingly positive, but businesses' awareness of and involvement in CPPs is very limited. Regional Advisory Boards do not exist in the Highlands and Islands. The Highland Council has established the Highland Economic Forum and HIE organises local business panels, which meet two or three times a year, but the

¹ http://www.cppr.ac.uk/media/media_164615_en.pdf

links between their discussion and local, regional and national delivery are not particularly clear in practice, and participation by businesses is in the main weak.

What advantages has the establishment of Skills Development Scotland brought in terms of the delivery of the skills agenda and have there been any difficulties?

27. The potential advantages of establishing a single organisation, responsible for careers, skills and training services, to deliver the Scottish Government's new skills strategy for Scotland were recognised by SCDI. It expressed reservations at the time on whether such a radical re-organisation would deflect from delivery and on whether Careers Scotland should be removed from Highlands and Islands Enterprise, where it was generally felt to be working well and skills development is an integral part the agency's economic and population strategy.
28. It did take time for Skills Development Scotland to establish its role and operations. As a new organisation, created from several existing agencies and with a transformational strategy which to deliver, it was also faced with a simultaneous and rapid deterioration in the Scottish economy and labour market. There was concern from universities and colleges that its partnership with the Scottish Funding Council did not extend to positive direct relationships with them.
29. Skills Development Scotland is now making progress, demonstrating leadership and forming effective partnerships with business and economic development organisations, key sectors and, through local protocols, most local authorities. The advantages of a partnership approach to matching skills supply with industry demand are demonstrated in its work with energy industry bodies on comprehensive labour market intelligence surveys to feed into both its skills review for the sector and the Scottish Government's Energy Advisory Board.
30. Decisions on its resources will be an important factor in whether Skills Development Scotland can ultimately transform delivery of the skills agenda. SCDI understands that there may already be less funding for local interventions and that some businesses are finding it harder to access support for training. Where local interventions are being made, these are often existing programmes rather than the innovative services which were envisaged in the skills strategy.
31. In these circumstances, the recently-announced review by Skills Development Scotland Chair Willy Roe into better aligning vocational education and training with economic targets and the Curriculum for Excellence will be significant.

How will services be protected in light of any planned further restructuring exercise within Scottish Enterprise and/or Highlands and Islands Enterprise?

32. SCDI is not aware of any planned further restructuring exercise(s).

More fundamental, first principles analysis

Could the Scottish Government’s economic aims be achieved in a different way? Are there more successful or efficient models of delivery in other parts of the world?

33. The Scottish Government’s core purpose is stated as: “To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.”
34. Achieving the Scottish Government’s economic aims ultimately depends on enabling, in an efficient and sustainable way, businesses to grow and people and communities to develop around Scotland. There are potentially several different delivery models, each of which may or may not support achievement of the aims. The Committee’s analysis should be based on whether the model and resources which are currently in place will maximise the impact of public sector intervention, investment and contribution to Scotland’s sustainable economic growth and wellbeing, as defined in the National Performance Framework. Effective partnership working with the private sector, academia, trade unions and the wider public sector, is an essential component of successful and efficient delivery.
35. SCDI understands that most countries have national, regional and/ or local bodies which are responsible for supporting their Government’s economic aims. Comparisons with delivery models in other parts of the world will no doubt form part of the Committee’s work and will be an interesting and worthwhile analysis. The Committee should consider a range of indicators of economic performance, primarily benchmarking with enterprise bodies and models in other parts of the world, but alongside key drivers like educational outcomes and infrastructure. It is important to take a long-term view and in making comparisons with other delivery models also recognise specific economic legacies and challenges in Scotland.
36. SCDI notes that the UK Government is committed to abolishing Regional Development Agencies (RDAs) in England and replacing them with Local Economic Partnerships. It is not best-placed to comment on the performance of the RDAs collectively or individually, but cautions that businesses in England may find this a disruptive process at a time of continued economic challenges. Stability and consistency in services are important for national organisations, for instance banks, which work with them and signpost the services to businesses. Stability is also crucial for interventions to become familiar to target audiences. SCDI understands that the decision to bring the Welsh Development Agency within the Welsh Assembly Government has not created the more joined-up and streamlined services for businesses which was the idea behind the new model. SCDI continues to support distinct roles for the Scottish Government on economic strategy and policy, and the agencies as deliverers and enablers.

Could services be delivered as effectively, with greater efficiency, by a single agency or some other structure with increased shared services etc? Conversely, are a single economic strategy and the SE account management model suitable for both Scotland and the Highlands & Islands?

37. A single Government Economic Strategy has focussed government and public services - nationally, regionally and locally - behind the Scottish Government's economic aims. This has improved efficiency and strengthened partnerships. In relation to a single agency, SCDI is not convinced that any suggested benefits in cost-cutting to meet short-term spending pressures would outweigh upheaval in delivery of businesses services or maximise the long-term contribution of the Highlands and Islands to increasing Scotland's sustainable economic growth.
38. The Highlands and Islands region faces distinct economic challenges and needs from the rest of Scotland. It is classified as peripheral and includes many island and remote communities. The average population density is around 10 people per km² compared to around 130 people per km² in the rest of Scotland. Many of these communities are in fragile areas. The average business size is smaller. The Highlands and Islands also have some distinct economic opportunities.
39. Highlands and Islands Enterprise has, over many years, developed a distinct approach with a delivery model and remit which are different to Scottish Enterprise. As it must reach all parts of a large, geographically diverse and remote region, Highlands and Islands Enterprise has created a highly decentralised network of local offices which are of a far smaller scale compared with Scottish Enterprise's regional offices. Businesses and communities in island, remote and rural areas face distinct economic challenges, and there is deep expertise and commitment in Highlands and Islands Enterprise to tackling them. Through its social/ strengthening communities remit, Highlands and Islands Enterprise has supported community land ownership, community energy and social enterprise. Highlands and Islands Enterprise has brought a regional economic and community development focus to energy, digital and transport connectivity issues. Population issues are also a particular priority for the agency.
40. The transformation of the Highlands and Islands over the last 45 years from a region which seemed to be in terminal economic and social decline to a region which is a contributor to Scotland's economic growth appears to correlate closely with the creation of an economic development agency dedicated to the region. But distinct economic challenges and needs do remain. SCDI's Highlands and Islands Committee have discussed the inquiry and there was no support for a merger between Highlands and Islands Enterprise and Scottish Enterprise.
41. Highlands and Islands Enterprise no longer has a complementary strategy to the national economic strategy. A single strategy for Scotland has focussed government and public services behind the Scottish Government's core purpose, and Highlands and Islands Enterprise have become more obviously a delivery arm of the Scottish Government. However, there is less clarity for businesses in the Highlands and Islands about the relationship between the regional enterprise strategy and the wider economic development strategy (for example, transport priorities) and which organisations are leading the delivery of key economic aims.

42. It is worth exploring if a more distinct approach and delivery model would better address the needs of rural economic development in the south of Scotland.
43. There is potential for more shared services and efficiencies across Scottish Enterprise and Highlands and Islands Enterprise. This could include IT and HR functions. It should be emphasised that shared services do not necessarily mean centralised services. The dispersal of functions can create well-paid public sector jobs in remote and fragile areas (for example Highlands and Islands Enterprise's data centre on Benbecula). Clearly decision-making must include cost-benefits. Opportunities for shared services go beyond the enterprise networks. There is potential to extend them to local government and across the public sector. Co-location between the agencies and other public bodies is increasingly common.
44. Scottish Development International is now embedded within Highlands and Islands Enterprise, and this should hopefully improve the services available to existing and potential exporters in the region, and attract inward investment.
45. The account-management model did not exist in the Highlands and Islands prior to the reform of the enterprise networks. Feedback suggested that Highlands and Islands Enterprise spent a considerable time signing up companies to the model, but that many of them did not understand their status or the benefits for them. It has also been a challenge for Highlands and Islands Enterprise to recruit private sector expertise and experience into its account-management teams. Discussion with account-managed companies indicates that the model is now working better. Highlands and Islands Enterprise and Business Gateway have also developed a pipeline of support for businesses to progress towards account management.
46. The account-management model developed by Highlands and Islands Enterprise is distinct from Scottish Enterprise. A proportionately greater number of businesses are involved and they are, in consequence, generally smaller. The key criteria for entry are that they are ambitious and able to grow. Care has also been taken to ensure a geographical diversity in the range of businesses.
47. Introduction of the account-management model resulted in much reduced ongoing advice to non-account managed companies, and far fewer contacts between Highlands and Islands Enterprise and the wider business community.
48. The most effective structure for delivery of services, as always, depends on the specific opportunities and challenges. In cases, such as maximising the value of and developing new national infrastructure, the Scottish Government may lead. In others, such as developing plans for priority sectors, the enterprise agencies may jointly lead, as they did with the National Renewables Infrastructure Plan.

What should be the role for a publicly-funded enterprise network, what activities should it be expected to deliver and what resources are required? Alternatively, what alternative exists to the current model in Scotland and what benefits would this have?

49. Accelerating globalisation, especially in the last decade, has acted to intensify competition and specialisation. The implications for Scotland are that it will need to build on its comparative advantages and expertise. Investment should be focussed on generating long-term demand for goods and services, most especially if it is outside Scotland or highly additional and supports new or existing supply chains. Scotland should position itself as a world leader for higher-value industries forecast to experience strong growth in the next decades.
50. The form of publicly-funded models of intervention should follow their function. SCDI would broadly endorse the priorities stated by the Scottish Government, particularly in relation to supporting business expansion into new markets, building globally competitive sectors in areas of comparative advantage, helping companies to invest in innovation, and establishing a globally competitive business environment for inward investment, and, in the case of the Highlands and Islands region, tackling the most economically disadvantaged of its areas.
51. A strategic enterprise agency has the resources to deliver these functions. It can support the growth and internationalisation of large companies. It can target the large scale investment in major projects in key locations which maximises return on investment for Scotland. Agency staff generally have deep expertise and greater private sector experience than civil servants and can therefore deliver more if their skills are utilised effectively and efficiently. Therefore SCDI continues to support the model of agencies focussed on strategic economic development and business services, delivering on behalf of the Scottish Government and working as partners with local authorities on local development.
52. Resources should be allocated according to the functions the agencies are expected to deliver. Rationalisation of the enterprise network, abolition of the LECs, transfer of activities to local authorities and the establishment of Skills Development Scotland have led to fewer resources for the enterprise networks. When exceptional items such as capital acceleration and additional provisions are included, Scottish Enterprise's budget is now 16% lower than in 2007/08. The equivalent figure in Highlands and Islands Enterprise is -43%. FTE staff were cut by 57% in Scottish Enterprise and by 41% in Highlands and Islands Enterprise. In many ways, the enterprise networks have already achieved the rationalisation which Scotland's public sector as a whole is faced with over the next few years. While further efficiencies will undoubtedly be sought, ultimately the impact of the enterprise networks will be a function of the resources which are at their disposal. In times when the priorities of the enterprise networks become harder to deliver because of recession, weak economic demand and/ or market failure, the resources available to them should be a higher priority for the Scottish Budget. More major cuts would risk achievement of Scottish Government economic aims.
53. A key question is which of its activities the enterprise networks should be expected to or expects to deliver themselves, and which should they enable. Even if, as SCDI believes it should be, enterprise is a priority in the Scottish Budget, the resources available to the enterprise networks will fall further. The public sector will not be able to and should not try to do everything. Businesses

will have to accept greater responsibility for their own success or failure. Rationalisation and a significant reduction in the resources available to it have offered Scottish Enterprise, in particular, the opportunity to improve its partnering. The enterprise networks should regard partnerships with external organisations as multipliers and actively seek new opportunities to outsource and act as a commissioner, catalyst and enabler rather than the main deliverer of services.

54. SCDI believes that there are opportunities for the private sector to support exporting. With domestic demand forecast to remain weak, internationalisation will be increasingly important to business growth. However, overseas offices are expensive for Scottish Development International to open and operate. SCDI is proposing that a network of Scottish International Trade Centres should be created, operated and supported by Scotland's private sector. The network, to be developed no cost, would offer in-kind office spaces and meeting facilities for Scottish SMEs within multinational companies, and signposting for companies to experts and organisations in the markets who can offer both preparation and in-market support, with support and reciprocal services available to overseas businesses and organisations wishing to invest and operate within Scotland.
55. Supporting supply chain clustering and their understanding of how they can better collaborate around market opportunities will be vital roles for the enterprise networks. The National Renewable Infrastructure Plan is a good example of a roadmap for investment in potentially the sector with greatest growth potential, but there would be value to developing equivalent plans for other priority sectors.
56. Scottish Enterprise and Highlands and Islands Enterprise should seek to intervene efficiently where there is market failure and yet significant opportunity. They should address this failure, but, if they do so successfully, when the market recognises the opportunity the enterprise networks should be ready to step back. New interventions by the enterprise networks should include clear exit strategies. An element of this was introduced in Scottish Enterprise's zero-based budgeting and internal market tests, but they should be stated more explicitly externally.

Do the enterprise agencies' methodologies for calculating the return on investment bear scrutiny? Which activities have been identified as delivering most return on investment?

57. Historically, returns on investment have often been overstated and have usually identified the gross rather than the net benefits of an intervention. Displacement of activity – which is admittedly difficult to calculate – and the activity which would have occurred without intervention have not usually been taken into account. Recently the methodologies which Scottish Enterprise and Highlands and Islands Enterprise use to calculate returns have become more robust, but Government and stakeholders should continue to cast critical eyes over statements of benefits. Local government is developing national performance indicators to calculate their own returns on investments. A common framework for all appears rational and the enterprise agencies could utilise the methodologies which they have developed to assess the economic benefits in single outcome agreements.

58. The Business Plans for Scottish Enterprise, Highlands and Islands Enterprise and Skills Development Scotland now include activities, outputs and outcomes. However, there is a tension between new measures, such as value-added, which may bear more scrutiny, and older measures such as job creation which are more widely understood by the business and economic community in the areas.
59. Calculation of returns on investment is a complex field and activities cannot always be directly compared as offering the most or least return on investment. Return on investment in a project such as EMEC may be over a 10-15 period whereas in businesses it may be over 3-5 years, while the return on investment in strengthening peripheral communities in the Highlands and Islands may be assessed on the basis of their long-term economic and population sustainability.
60. Where the return on investment is not anticipated for timescales over 5 years, consistent political support, which recognises that they have more distant horizons, is important and there have been instances when it has been lacking.

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