



OUTER HEBRIDES ECONOMIC STRATEGY 2025-2035

Report by Chief Officer, Economic & Community Regeneration

PURPOSE

- 1.1 The purpose of the report is to seek approval of the draft Outer Hebrides Economic Strategy 2025-2035, prior to further consultation and finalisation.

EXECUTIVE SUMMARY

- 2.1 The Comhairle approved the Highlands and Islands Regional Economic Partnership (HIREP) Strategy in November 2024. It was agreed at that point that it would be appropriate to refresh the Outer Hebrides Economic Regeneration Strategy to reflect current and anticipated opportunities and challenges, and to align with the HIREP Strategy, the Scottish Government's National Strategy for Economic Transformation, and the Comhairle's Corporate Strategy 2022-27.
- 2.2 Over the coming decade, there is scope to retain and attract population to the islands, through the development of new and high value economic propositions for the islands, particularly due to an estimated £7bn of investment related to renewable energy, as well as through supporting our existing key sectors of food and drink, tourism and creative industries to add more value locally and increase resilience. Realisation of these opportunities can only be achieved if they are supported by infrastructure investment, particularly around roads, transport, digital connectivity and housing.
- 2.3 The proposed Outer Hebrides Economic Strategy 2025-35 is at Appendix 1. It sets out how the Comhairle will seek to work with community, public and private sector partners to support the realisation of these opportunities. In the context of declining public sector resources, there is a need for the Comhairle to prioritise its focus in relation to economic development and associated services, and the Economic Strategy seeks to provide a framework for this.
- 2.4 The strategy sets out a vision for 2035 of an Outer Hebrides which is **thriving, prosperous and sustainable**. It proposes what success against this vision will look like over the next decade and suggests two overarching measurements of progress relating to population and productivity. Activity is focused against 3 key themes: (1) Key Sectors, (2) People and Community, and (3) Infrastructure, with priority areas and actions identified within these themes.
- 2.5 It is proposed to undertake external consultation on the strategy document, following which approval from Members on the final version will be sought at the April series.

RECOMMENDATIONS

- 3.1 **It is recommended that the Comhairle approve the draft Outer Hebrides Economic Strategy 2025-2035 at Appendix 1, noting that following further consultation, a final version will be submitted for approval.**

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Appendix: 1. Outer Hebrides Economic Strategy 2025-2035 (Draft)

IMPLICATIONS

4.1 The following implications are applicable in terms of the Report.

Resource Implications	Implications/None
Financial	None
Legal	None
Staffing	There may be a need to prioritise staff activity and resource.
Assets and Property	None
Strategic Implications	Implications/None
Risk	None
Equalities	None
Corporate Strategy	Supports the Corporate Strategy 2022-2027 ambition to strengthen the local economy.
Environmental Impact	None
Consultation	Consultation has taken place internally and with HIE. Further consultation is proposed prior to finalisation.

BACKGROUND

- 5.1 The Comhairle approved the Highlands and Islands Regional Economic Partnership (HIREP) Strategy in November 2024. It was agreed at that point that it would be appropriate to refresh the Outer Hebrides Economic Regeneration Strategy to reflect current and anticipated opportunities and challenges, and to align with the HIREP Strategy, the Scottish Government's National Strategy for Economic Transformation, and the Comhairle's Corporate Strategy 2022-27.
- 5.2 The Comhairle's Corporate Strategy sits above a range of specific Economic Regeneration Strategies in recent years, either taken forward through the Community Planning Partnership, in partnership with HIE, or as Comhairle-specific documents. Most recently, the Comhairle approved a COVID-19 Economic Recovery Strategy in June 2020 which provided a refreshed economic strategy setting the development agenda for the following period. This identified actions against three recovery themes: a 'Community Wealth Recovery', a 'Green Recovery' and, a 'Digital Recovery'.
- 5.3 The islands are now post-COVID recovery and in light of increasing internal resource pressures, and what is forecast to take place over the coming decade, it is timely to re-focus. The proposed Outer Hebrides Economic Strategy 2025-35 seeks to reflect the challenges and opportunities facing the islands both now and over the next ten years.
- 5.4 The Outer Hebrides Economic Strategy sets out how the Comhairle will seek to work with community, public and private sector partners to support the realisation of these opportunities. In the context of declining public sector resources, it seeks to prioritise and focus effort on where there is a tangible impact that can be made, rather than seeking to be too wide-ranging and all encompassing. The focus of the Economic Strategy has been informed by the evidence base and strategic framework, including the National Strategy for Economic Transformation, HIE's Operational Plan, the Highlands and Islands Regional Economic Partnership Economic Strategy, and the Comhairle's Corporate Strategy 2022-27. The final version will also be informed by a public and partner consultation exercise. The Strategy and associated actions are anticipated to evolve as economic conditions change and as progress is made.

OUTER HEBRIDES ECONOMIC STRATEGY

- 6.1 The draft strategy at Appendix 1 sets out a vision for 2035 of an Outer Hebrides which is **thriving, prosperous and sustainable**.
- 6.2 It proposes that a successful Outer Hebrides in 2035 will have the following characteristics:
- Population has increased and the islands demographic balance has improved.
 - People have more access to well-paid and diverse employment opportunities.
 - Homes and businesses have access to high-speed digital infrastructure offering parity with rest of UK.
 - Businesses are innovating, diversifying and resilient.
 - There is tangible evidence of significant economic, social, and community benefit arising from our renewable energy resources.
 - Communities are continuing to lead social and economic regeneration efforts, capitalising on the value of our natural and cultural resources.
 - Significant investment in infrastructure has supported inward investment and business growth.
 - Transport infrastructure and housing options have improved from the 2025 position, fuel poverty has reduced and there is increased, resilience against climate change.
- 6.3 It proposes two overarching measurements of success relating to population and productivity:
- Evidence of population growth and a trend towards a healthier demographic balance.
 - Reduction in the gap between the Outer Hebrides and the wider Scottish economy in respect of average wages and GVA.
- 6.4 Activity is focused against 3 key themes: (1) Key Sectors, (2) People and Place, and (3) Infrastructure, with priority areas as below. Actions are identified against the priority areas but are anticipated to evolve and adapt over the period.

KEY SECTORS

- Renewable Energy and a Just Transition to Net Zero
- Primary Industries
- Tourism, Cultural and Creative Industries
- Innovation, Entrepreneurship and Business Growth

PEOPLE AND PLACE

- Community Led Development
- Skills and Talent Attraction

INFRASTRUCTURE

- Housing
- Transport
- Digital
- Inward Investment
- External funding and Policy

- 6.5 Once the Strategy is finalised, a delivery plan will be put in place to further detail out and monitor progress. Existing Economic Development structures will be reviewed to ensure that they are aligned to delivery of the strategy, and there may be a need to prioritise actions based on internal resources. We will seek to work in partnership with HIE where actions are co-aligned in order to reduce duplication and make best use of resource. Reports will be provided to the Comhairle on an Annual Basis, with quarterly reporting on those actions integrated within the Service Business Plan.

CONCLUSION

- 7.1 Due to the level of unprecedented private sector investment set to come into the islands over the coming decade, there is a need for the Comhairle to prioritise its focus and resourcing in relation to economic development and to set this out through an updated Outer Hebrides Economic Regeneration Strategy. The aim is for a high-level and focused strategy that will reflect the need to respond to challenges and opportunities within the current economic context, support prioritisation of resource within the Economic Development service, direct our external funding strategy, and support our work with external partners such as HIE.