**1991: From the HIDB to HIE**

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This is a transcript of a conversation recorded over Zoom with Gill Murray and John Watt

*Dr John Watt graduated with a PhD in Regional Economic Development from University of Waterloo In Canada. Returning to Scotland in 1981, he worked at the HIDB, firstly as an admin assistant and later taking up a post as a community co-ops field officer as the scheme expanded. John continued to work at HIDB through the transition to HIE in 1991, in various posts including Senior Economist, Head of the newly formed Community Land Unit, and finally as Director of Strengthening Communities He retired from HIE in 2012.*

**Gill: Thinking a little bit further down the line and the transition from HIDB to HIE in 1991, you were still part of HIDB at the time, was this a major upheaval for the organisation, or was it a fairly smooth transition, do you have any memories of that time?**

John: For me it was less of an upheaval because I stayed in Inverness and fitted into the new regime. But, yes, it was a significant upheaval I would say. In some ways it was almost a new organisation because of the introduction and development of the LECs, the Local Enterprise Companies. This was an idea of the Conservative government at the time, primarily to get the private sector more involved in local economic development rather than leaving it exclusively to centralised public agencies. So they developed Local Enterprise Companies. There were ten in our area, which some would argue was a lot because there were less in the rest of Scotland than there were in the Highlands and Islands but it’s just the nature of geography. I was very hard to amalgamate areas into one area in the Highlands so therefore Orkney had one; Shetland had one; the Western Isles had one; Skye and Lochalsh had one; Argyll... and so on, we had ten. They had local area boards of active local people interested and involved in the economic and social development of those areas. And that became a completely new way of delivering because it introduced another tier, if you like, of these Local Enterprise Companies. They had the responsibility for assisting social as well as economic activity. That continued right through this whole process and by that stage the social element had grown into a more major part of the organisation’s work.

Having worked in social and community development for many years, I took a change of direction when HIE came into operation and I worked in the strategy team in the centre. And in those days the key strategy for HIE and the LEC Network had three objective; Growing Businesses, Developing People -the whole training function- and Strengthening Communities. So you can see the Strengthening Communities component, which had been a peripheral add-on almost in the 1970s was now an equal partner in the three objectives of the whole organisation. And that was important. The LECs had to deliver in the way that they saw most fitting in their area but they had to deliver outcomes for those three objectives. The HIE core if you like based in Inverness, became the strategic administrative function for these ten LECs spread throughout the whole of the Highlands and Islands. So it was a significant decentralisation of influence and finance out to the areas. And that lasted until 2007.

**Gill: Is that when the LECs were disbanded?**

John: They were disbanded, interestingly, with the arrival of the SNP government.

**Gill: That’s an interesting kind of arc, as you were saying, often these in the community co-ops started because they were areas where private business and the private sector couldn’t flourish, or there wasn’t the population, there wasn’t the money to support things as a private enterprise. So did the LECs manage to engage the private sector and have more private sector influence, did that really work as it was meant to?**

John: Yeah, interestingly, I think, yes, it did. Again, you would have to ask people that ran the LEC boards whether they felt that their influence was as strong as they would have liked. Yes, that’s a good point, I mean there was a private sector component in these areas despite what I said about private businesses not being able to do everything that might be needed to be done. There were still active private sector operators in a whole range of sectors; tourism, engineering, fish farming because you’ve got to remember through the 1980s, despite some of the difficulties, local economies evolved. Fish farming, for example, became an important element especially in peripheral areas because that’s where you can locate fish farms. And, of course, the oil industry was still flourishing in the 1980s which benefited Shetland, certainly, Orkney and the Western Isles to an extent. And, of course, the big construction yards of Inverness and the Cromarty Firth were buoyant in terms of oil exploration and production in the North Sea. There was a lot of positive spin-off from these industries.

At the same time, this is another interesting component, through the 1970s and 1980s there was perceived that some of the previous strategic approaches to economic development in the Highlands were seen to be failing The whole concept of big inward investment which seemed a great promise began to founder with some failures. The aluminium smelter in Invergordon, pulp and paper in Fort William, some of these growth centre investments which were expected to generate secondary activity started to have difficulties. And I think at that stage there was a rethinking and certainly wider thinking in the global context that locally-based bottom-up development had increasing value as an approach as opposed to the transplanting of large corporate interests into the limited areas and this was seen in various other places. So in some ways the social and community element fitted very much into this bottom-up approach and so did the LECs to give them their due at that stage. They were thinking in a similar way of helping small local businesses rather than depending on big ones coming in from outside.

**Gill: And so when you were part of this strategy team at HIE, is that something you tried to push forward, was a more kind of bottom up approach?**

John: Yeah, the bottom-up approach was a more accepted strategic approach to development in the early 1990s than it had been in the early 1980s and certainly in the mid-1970s and with some degree of success. There’s a lot of local business development, small businesses, and part of HIE’s function was to build advance properties, for small businesses to locate in and that growth went on right through the 1990s, building small factories and advance offices, again, in remote locations as well as central ones. In recognition that indigenous economic activity was more important that exogenous implanting, if you like, of big business. And plus the fact of growth of tourism through that era was very important as well and the upgrading of accommodation and visitor attractions was very important. So HIE at that time was seen as promoting very much a multi-sectoral approach to development. Don’t put all your eggs in one basket, take opportunities of new initiatives when they arise, but keep supporting the growth of local business and local community activity right across the region. And in many ways that was seen as a successful approach and when I used to attend more national events we were looked upon with envy by people in the Borders, for example, for having this multi-sectoral approach and having a range of tools that we could use to take this forward which they didn't have. Because Scottish Enterprise had a different set of objectives really than Highland and Islands Enterprise and inward investment was still important especially with tech companies (Silicone Glen and the like in your part of the world), bringing large numbers of jobs to some of these areas. HIE became more of a small business development agency, I would say. We wouldn’t turn away larger developments when they came our way but the focus was very much on the smaller scale.