

3. Analysis of Needs and Opportunities

3.1. SWOT

Following on from the consultation process, an overall SWOT analysis was developed that reflected the main points raised from the desk based research and consultation undertaken. The SWOT analysis below reflects the most important points raised.

Economic Strengths

- Healthy economy including third sector.
- Established markets for Orkney branded products.
- World leader in development of renewables.
- Quality producer of food and drink, arts and crafts.
- Strong established fisheries sector.
- Strong voluntary sector.
- Healthy tourism sector.
- Fair Trade status.

Social Strengths.

- Strong sense of identity.
- Community spirit.
- Community cohesion.
- Forward thinking entrepreneurial communities.
- Network of community facilities.
- Large active volunteer sector with willing members.
- High levels of educational attainment.
- Educational facilities.
- Resourceful communities.
- Community representation through trusts and development associations.
- Low crime and unemployment.
- Overall growth in population.

Environmental Strengths

- Strategic location.
- Unspoilt natural resources.
- Wildlife and nature.
- Quality of life.
- Unique heritage with facilities to showcase.
- Unique archaeology.
- Distinct local settlements within Orkney.
- Pristine marine environment.

Economic Opportunities

- Potential to further develop renewable energy; wind and marine.
- Potential to capitalise on European Marine Energy Centre (EMEC) and its international status.

- Grid connection development.
- Expand Orkney brand for food and drink and craft sector.
- Development of new value added products.
- Development of a fish market.
- Exploitation of next generation broadband.
- Raise awareness of Orkney's assets for locals and tourists.
- Increase use of IT for small businesses.
- Bespoke training for customer service.
- Development of local fisheries related research programmes.
- Retain value locally from industries.
- Training and apprenticeships.
- Cross sectorial working.

Social Opportunities

- Working remotely from home.
- Local development officers based throughout Orkney.
- Development of local festivals to increase tourist season and income to local communities.
- Increased elderly population could assist in delivery of services.
- Potential for remote communities to benefit from renewables income.
- Development of more community facilities to open longer.
- Provision of more flexible transport systems.

Environmental Opportunities

- UNESCO status.
- Development of alternative fuels.
- Potential to use redundant properties.
- Clean unpolluted environment.

Economic Weaknesses

- Limited and costly travel/transport links.
- Grid capacity issues.
- Limited and uneven broadband and mobile coverage.
- Over-reliance on renewables.
- No local fish market.
- Customer service levels poor across retail, tourism and in general.
- Lack of attractive jobs for graduates.
- Distance from market.

Social Weaknesses

- High levels of commitment required from volunteers.
- High living costs and relatively low wages.
- Lack of affordable housing.
- Lack of jobs and/or sufficient labour.
- Lack of access to specific health and social services.
- Loss of young people.

- Migration from Outer isles and remote parishes to Kirkwall.
- Increased elderly population leading to an increasing need for specific services.
- Increased costs of delivering projects in the outer isles and remoter parishes.

Environmental Weaknesses

- Remoteness (of Orkney from Scottish mainland, and the outer isles from mainland Orkney).
- Island travel limited by weather.
- Large amounts of enclosed farmland leading to access issues.

Economic Threats

- Lack of funding available for businesses.
- Increased pressure on funding streams.
- Further local business closures.
- Rising transport costs.
- Centralisation of services.
- CAP and CFP restructuring.
- Restructuring of transport services, air and sea, internal and external.
- Succession planning for agricultural sector and other islands businesses.
- Town centres suffering loss of services.
- Unrestricted development of other marine industries could affect traditional fishing ground.

Social Threats

- Lack of suitable apprenticeships and employment opportunities for some young people.
- Increasing number of second homes.
- Depopulation of Outer isles and remote parishes.
- Increasing levels of bureaucracy for volunteers and businesses.
- Outmigration of young people.
- Reduction in levels of services available locally such as mental health, family support, etc.
- Reduction in number of volunteers.
- Increasing levels of fuel poverty.

Environmental Threats

- Further drop in number of native species such as sea birds.
- Increased pressure on sensitive sites.
- Over exploitation of natural resources.
- Impact of climate change.

3.1.1. Strengths

Orkney has benefited from an overall growth in population in recent years. There is a strong economy with high levels of economic activity and low levels of unemployment compared to the Scottish average. There are high levels of self-employment which reflects the rural nature of the economy and the importance of small family businesses. The services sector accounts for 86.5% of employment.

Public administration accounts for 42.3% whilst wholesale and retail accounts for 12.4%.

Orkney has high levels of community involvement. The Scottish Household Survey 2012 showed that 46% of Orkney residents provided unpaid help to organisations or groups in 2012 compared to 29% of Scottish residents. This highlights the high levels of community and voluntary participation in Orkney.

Orkney is a quality producer of many goods ranging from seafood, meat, dairy products and confectionery to jewellery and other craft items. External markets have been established for these products for a number of years. Fair Trade status has recently been awarded to the islands.

Orkney's renewable energy sector has gone from strength to strength in recent years. Although this is an emerging sector it has already achieved significant results. Orkney Renewable Energy Forum (OREF) actively pursues new opportunities.

At the end of 2012 Orkney had 29 wind turbines generating up to 40.3 megawatts. Planning permission was awarded for a development of 21 commercial scale turbines. In addition there estimated to be in excess of 100 smaller domestic scale machines.

Since 2009 there has been investment of over £20 million in marine renewable energy infrastructure projects in Orkney. The European Marine Energy Centre (EMEC) has proved to be a particular strength for Orkney's renewable energy sector.

Orkney is fortunate to have an abundance of wildlife and nature as well as unspoilt natural resources. There is archaeology of national and international importance. Orkney's uniqueness, geographical location, heritage, strong sense of identity and community spirit all make the islands a popular destination for visitors. The tourism sector continues to grow and play an important part in the economy.

3.1.2. Weaknesses

A number of the weaknesses Orkney has to deal with are of a physical nature relating to distance from market and remoteness in terms of Orkney from the mainland and the outer isles from mainland Orkney. This applies to most sectors but especially agriculture and fisheries that rely on a high quality premium to help compensate for higher costs in reaching the market.

Transport links can be a weakness. These tend to be limited in frequency, costly and subject to disruption due to poor weather conditions.

A major economic weakness is the lack of capacity on the grid. There is no spare capacity. This means no further electricity generated can be exported and sold. An additional interconnector cable could solve this problem, however this has not been agreed yet. This limits to an extent the future development of the renewables sector.

Orkney has high levels of community participation, yet increasing demands being placed on voluntary groups could lead to volunteer fatigue and may have negative impacts on how much groups can deliver.

The cost of living on Orkney is higher than the Scottish mainland. The cost of living on the outer isles is even higher. This means that normal household spend on food and services is higher as well as the cost of any new developments and building work. The problem is compounded by the fact that wage rates in Orkney are lower than national figures.

There are a number of other issues Orkney faces such as lack of affordable housing, lack of access to specific health and social services, loss of young people and an ageing population. These issues are Orkney wide but have even more impact on the outer isles.

3.1.3. Opportunities

Orkney has recognised the potential to further develop its renewable energy in terms of wind and marine. These opportunities can be realised further once a grid connection is developed. Orkney is keen to maximise the local benefits from the development of this sector. There are opportunities for training and apprenticeships to be tailored to this industry to ensure a lasting legacy. Cross sectorial working is another area that can be explored further, for example, the tourism sector is keen to explore renewable energy related tourism, but recognises there is an opportunity to develop improved customer service before implementing this. Extending the tourist season is important to the economy and innovative methods of doing this can be considered such as the development of local festivals.

It has been highlighted that Orkney suffers from poor IT connectivity in some areas. Potential exists to improve IT throughout Orkney. This could have wide reaching social and economic benefits as it could encourage business development, increase exports and encourage remote working.

The LAG is keen to see the strategy have as wide an impact as possible and provide support to as much of Orkney as possible. Officers could be based in different locations in Orkney to address specific issues in sectors and to animate projects. These officers would work with existing groups to provide complementarity.

An opportunity may exist to help support the marketing and selling of fish e.g. through innovative use of IT. This could also have the potential for enabling more value adding and ancillary services. Local fisheries related data collection and research could prove to be invaluable as there is currently a gap in this provision.

3.1.4. Threats

Some of the threats Orkney faces are common to other areas of Scotland such as lack of funding for businesses, rising transport costs, centralisation of services and increasing levels of bureaucracy. However some are island specific and have a more significant impact on the outer isles and remote mainland parishes. Depopulation, ageing population and increasing number of second homes can all have a negative impact.

Other threats Orkney currently faces are regarding its young people. Outmigration is an issue. Young people tend to leave the island to pursue higher education and choose not to return until perhaps retirement age. It is important to try to encourage young people to return and take up careers in the key sectors such as agriculture

and fisheries. A lack of suitable training and job opportunities can add to the problem.

Orkney has a healthy voluntary sector, however the increasing demands being placed on groups and the levels of bureaucracy involved are a threat. Unless this sector receives support there is a risk volunteering levels may decrease.

The SWOT analysis shows that Orkney has a wide range of strengths to build on and opportunities to explore. However there are weaknesses to be addressed and threats to be aware of and try to mitigate. Many of these issues are common throughout Scotland but some are more specific to islands, such as insularity and territorial cohesion, and to Orkney alone. This strategy aims to address as many of these issues as possible.

3.2. Issues and Key Drivers

From the consultation exercise and SWOT analysis, it is clear there are a number of key issues and drivers that will need to be taken account of in the strategy. These are summarised as follows:

There is a need to build on the strengths and opportunities identified especially:

- New business opportunities e.g. renewables, tourism.
- Education and Research and Development.
- Distinctive culture and heritage.
- Scope for value added.
- High quality environment.
- Excellent modern facilities.
- Strong local identity.
- Community spirit and can do attitude.
- Strong networks and partnerships.
- Natural resources.

The main needs and priorities to address some of the threats and weaknesses include:

- Population decline and ageing in some communities.
- Retention of young people.
- Communities at risk.
- Barriers to business development.
- Costs, reliability and availability of both internal and external transport.
- Access to services and distance to markets.
- Centralisation of services.
- Lack of interconnector for electricity.
- Lack of IT links.
- Uncertainty over future of some sectors such as agriculture and fisheries.
- Volunteer overload.
- High cost of living and in particular fuel poverty.

These are the main issues that will drive the strategic direction of the new Local Development Strategy.

In addition to these general issues the key challenges and opportunities for the fisheries sector have also been identified from the detailed consultation with the sector. This included stakeholders meetings with Orkney Fisheries Society, Orkney Sustainable Fisheries and Orkney Fisheries Association. These support the case for funding under the EMFF which is to be integrated within the overall strategy.

Main opportunities facing the fisheries sector in Orkney are:

- Product development.
- High quality product and productive and sustainable habitats.
- Stock management and research work.
- Build on Orkney brand e.g. for brown crab.
- Market demand.
- Local processing and value added.
- Development of career opportunities.

The main threats facing the fisheries sector are:

- Distance from boat to market and transport costs.
- Lack of local fish market.
- Lack of local profile especially within schools.
- EU quotas.
- Maintaining the current fleet.
- Lack of local bait.
- Development of other marine industries.

Increasing fuel costs.