



**EXECUTIVE COMMITTEE
TO BE HELD ON TUESDAY, 21ST
NOVEMBER, 2017**

**Please find attached Item No. 9 in respect of the
agenda for the above meeting**

9.	South of Scotland Enterprise Agency - Interim Arrangements (Pages 3 - 14) Consider report by Executive Director. (Copy attached)	15 mins
----	--	---------

This page is intentionally left blank



SOUTH OF SCOTLAND ENTERPRISE AGENCY – INTERIM ARRANGEMENTS

Report by Executive Director
EXECUTIVE COMMITTEE

21 November 2017

1 PURPOSE AND SUMMARY

- 1.1 This report updates Members on the establishment of an Interim Economic Partnership to lead the delivery of interim arrangements in advance of the new South of Scotland Enterprise Agency, and seeks agreement on a number of proposals to take these forward.**
- 1.2 Following completion of Phase 2 of the Enterprise and Skills Review, the Scottish Government announced the creation of a new Enterprise Agency for the South of Scotland and that the Agency would be a public body established via primary legislation.
- 1.3 Given the long lead time to create a new public body, the Government also announced that it would establish interim arrangements so that momentum from the Review would not be lost. These interim arrangements have been the subject of extensive discussions between officers of all partners and the Scottish Government.
- 1.4 Scottish Government Ministers have given a commitment that an interim approach will be put in place by the end of 2017 to ensure that the South of Scotland benefits from a new approach to economic development as soon as possible.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Executive Committee:-**
 - (a) Notes the arrangements proposed by the Scottish Government to support early delivery of services and the development of the South of Scotland Enterprise Agency in the period prior to its inception in April 2020;**
 - (b) Notes that the Council has been invited by the Cabinet Secretary for Economy, Jobs and Fair Work to join the proposed Interim Economic Partnership;**
 - (c) Notes the contents of the Memorandum of Understanding that will establish the Interim Economic Partnership, as detailed in Appendix 1;**
 - (d) Agrees that the Council should commit to the Memorandum of Understanding and join the Interim Economic Partnership**

that is being established to oversee and direct the interim arrangements;

- (e) Agrees that the Chief Executive, or her delegate, should represent the Council on the Interim Economic Partnership;**
- (f) Agrees that in developing the budgets for 2018-19 and 2019-20, that allocations should be made to support the work of the Council through the Interim Economic Partnership during the interim arrangements for the South of Scotland Enterprise Agency;**
- (g) Agrees that the Council should work with Scottish Government to ensure additional, new resources are made available to support the work of the Interim Economic Partnership and ensure early benefit from the development of the new Agency through the interim arrangements;**
- (h) Agrees that a report be brought before a future meeting of the Committee to allow Members to review and comment on the work plan developed by the Interim Economic Partnership;**
- (i) Agrees that a report will be brought before a future meeting of the Committee to consider options on how the Council might develop its relationship with, and influence over, the new South of Scotland Enterprise Agency; and**
- (j) Agrees to receive further reports on the Interim Economic Partnership as proposals develop further.**

3 BACKGROUND

- 3.1 As part of Phase 2 of the Enterprise and Skills Review, the Scottish Government has committed to creating a new South of Scotland Enterprise Agency covering the Scottish Borders and Dumfries and Galloway. It will offer a once in a generation opportunity that has the potential to improve the level of investment in economic growth, enterprise, skills and innovation across the South of Scotland. It is intended that this new Agency will operate in a similar way to Highlands and Islands Enterprise and will closely align its work with Scottish Enterprise, Skills Development Scotland, Scottish Funding Council and VisitScotland.
- 3.2 Whilst subject to the Scottish Parliamentary process, the aim is to ensure that the new Agency is fully operational by 1 April 2020. In view of the time required to complete the statutory processes, the Scottish Government has given a commitment that an interim approach will be put in place by the end of 2017 to ensure that the South of Scotland benefits from a new approach to economic development as soon as possible.
- 3.3 The Programme for Government was published by the Scottish Government on 5 September 2017 confirming legislation will be introduced to the Scottish Parliament in 2018 to establish the new Enterprise Agency. On 13 September 2017, following a meeting with the South of Scotland Alliance, the Cabinet Secretary for Economy, Jobs and Fair Work confirmed that a South of Scotland Interim Economic Partnership would be established to oversee the interim arrangements. It is intended to be in place by the end of 2017.
- 3.4 While the actual launch date for the Partnership is still to be confirmed, the Scottish Government has emphasised the need to maintain momentum and expects the interim arrangements to be announced by the end of November 2017 and in place before the end of the year. In order to progress the development of the proposed Interim Economic Partnership, the Cabinet Secretary for Economy, Jobs and Fair Work, has written to the Council inviting it to commit to supporting the new partnership, and to nominate a senior officer to serve on the Partnership and represent the Council's interests. The letter is contained in Appendix 1.

4 PROGRESS WITH INTERIM ARRANGEMENTS

- 4.1 To ensure a fresh approach to economic development delivery in the South of Scotland, the Scottish Government wants to ensure the private sector is heavily involved in the way services are shaped and delivered. The Interim Economic Partnership will bring together the key organisations already supporting economic development in the South of Scotland with an Advisory Group drawn from business and other non-public sector stakeholders. They will agree the Partnership's strategic plan and help it deliver activities to support that plan. The Partnership will aim to ensure it is co-producing services, working with service users to design and deliver more effective support.
- 4.2 The following public sector bodies will be invited to be members of the Partnership: Scottish Enterprise; Highlands and Islands Enterprise; Skills Development Scotland; Scottish Funding Council; VisitScotland; Scottish Borders Council and Dumfries and Galloway Council. The new Agency will draw on the model of Highlands and Islands Enterprise. Accordingly,

Highlands and Islands Enterprise has been asked to form part of the Interim Economic Partnership, particularly in order to bring its knowledge and experience of community development to the work. It is envisaged that the public sector partners will support the partnership and the interim arrangements by providing staff to both support the Lead Individual and the activities undertaken through the Partnership.

- 4.3 The Scottish Government has appointed a private sector chair of the partnership. They sought someone who has knowledge of economic development in the South of Scotland and the challenges facing the area, and who will bring both seniority and credibility to the role. Mr Keith Brown MSP, Cabinet Secretary for Economy, Jobs and Fair Work, announced on Tuesday 14 November 2017 that Professor Russel Griggs OBE would be the chair of the Interim Economic Partnership. It is also expected that he will be a member of the National Strategic Board.
- 4.4 The Scottish Government will appoint an Advisory Group, drawn predominantly from the private sector, but also including those with experience of the Further and Higher Education sectors, and of the third sector. The Advisory Group is to have a mixture of skills and experiences to ensure the Partnership is effective in the interim in shaping a new approach. Appointments to the Advisory Group are to be time-limited to the interim period. Board appointments for the new agency including the appointment of the Chair, will be covered by the public appointments procedures following the outcome of the legislative process.
- 4.5 As part of the interim arrangements, Mr Rob Dickson, Executive Director, has been appointed by the Scottish Government as the Lead Individual to co-ordinate the partnership during the interim period. This will be a time-limited post, accountable to the Scottish Government. The secondment will commence alongside the establishment of the economic partnership. During the period of secondment, Mr Dickson will retain responsibility for Economic Development within the Council. For the new Agency, the chief executive appointment is to be made in line with the normal approach taken to chief executive recruitment to public bodies.
- 4.6 Mr Dickson is to be supported by an Executive Team and organisations have been asked to nominate members to this Team. Member organisations will be expected to support the delivery of the work programme with staff and with resources. Discussions to establish the input in each case are on-going. The private sector is also to be invited to consider what resources it can bring to the table to help deliver the priorities of the Partnership with, for example, scope to involve representatives of the business organisations in the Executive Team if there is an appetite to do so. There remains a question as to the resources that Scottish Government will be able to contribute to support the work of the Interim Economic Partnership.
- 4.7 It is anticipated that an early task for the Interim Economic Partnership will be to ask the Lead Individual and the Executive Team to develop a comprehensive work and action plan to cover the period leading up to the formation of the new Agency. This work plan will be aligned to existing economic development strategies and will provide for the prioritisation of activity by the partners during the interim period.
- 4.8 A key benefit of these interim arrangements will be to allow the partners to bring forward and test new ideas, programmes and projects which will be fed into the work to establish the new Agency once the parliamentary

process is completed. However, the ability to deliver these new areas of activity will be dependent on the level of resources that partners, including Scottish Government, are able to make available.

- 4.9 The Council has been invited by the Cabinet Secretary for Economy, Jobs and Fair work to join the proposed Interim Economic Partnership and has been invited to sign a Memorandum of Understanding setting out the high level aims and objectives of the Interim Economic Partnership and underlining their commitment to it. The proposed Memorandum of Understanding is contained in Appendix 1.

5 RESOURCES FOR THE INTERIM PERIOD

- 5.1 At this point there is no indication of significant additional resources being made available by the Scottish Government to support the activities of the partners as they address the challenges and opportunities of the interim arrangements. The Scottish Government is providing the resources for the Lead Individual.
- 5.2 The partners will be asked to commit resources, mainly staff, to support the Lead Individual and the Interim Economic Partnership as new projects and services are developed and brought forward for testing. In particular, partners will be asked to provide a senior officer to join the Executive Team to support the Lead Individual. In order to secure success, the partners should consider what additional financial commitments would be appropriate to ensure the early success of the new approach to economic development in the South of Scotland.
- 5.3 It is unlikely that the full scope and ambition of the Interim Economic Partnership and Scottish Government for the interim arrangements could be realised without some additional financial resources being made available for project and service delivery in advance of the inception of the new Agency. Therefore, it will be necessary to work with the Scottish Government to make additional resources available to the Interim Economic Partnership to support the delivery of its work plan.
- 5.4 The creation of the South of Scotland Enterprise Agency and the setting up of interim arrangements for early delivery present a unique opportunity for the South of Scotland to make transformational impacts on its economy and the wellbeing of its communities and citizens. During the interim period it will be incumbent on the partners to challenge the status quo and bring forward innovative and creative solutions to addressing the economic challenges of the region. However, the scale of the challenge will require not only an innovative approach but also new investment from across the partnership, including Scottish Government.

6 FUTURE RELATIONSHIPS WITH SOUTH OF SCOTLAND

- 6.1 As the process of creating the new Agency develops, the Council should consider the options for how it might best interact with the Agency and exert influence over both its strategic and operational priorities. In considering this matter, the Council should also take into account the role of the new National Strategic Board, its relationship with the new Agency and the Council's place in the economic development institutional framework at both local and national levels.

- 6.2 There are a number of options around how the Council might organise its relationship with the new Agency. These would include expanding the role of the South of Scotland Alliance, establishing a Regional Economic Partnership as considered in the Enterprise and Skills Review Phase 2 Report, or some other structure which is shaped by the detail of the development of the new Agency. In all cases, it is likely that the strongest structure would be developed in partnership with Dumfries & Galloway Council and other key stakeholders across the South of Scotland.
- 6.3 It is too early to bring forward a detailed analysis of the options for Members' consideration but these will be developed as more information about the detail of the new Agency emerges. Any such options appraisal will also be informed by the outcomes of the interim arrangements and evaluation of the performance of the Interim Economic Partnership and its impact on the development of the economy of the South of Scotland.

7 IMPLICATIONS

7.1 Financial

- a) The proposals discussed in this report are at a very early stage of development. A preliminary financial assessment of the implications of the proposals will need to be undertaken once more information is available. Detailed work on this will be a priority for officers. However, it is important to re-emphasise that the ambition to transform the economy of the South of Scotland will not be achieved without a significant uplift in resources and investment.
- b) Discussions about the financial resources necessary to support robust and effective interim arrangements are under way. There is a need to ensure that current investment and budgets are identified and aligned to deliver the best impact. Scottish Government will expect key partners to ensure that the resources they are investing in economic development in the region are used to support the agreed priorities being delivered as part of the interim arrangements. Council resources will require to be committed to this.

7.2 Risk and Mitigations

There is a reputational risk to the Council of not ensuring that it is closely involved in supporting and delivering the interim arrangements through the Interim Economic Partnership. The Council is mitigating this risk by working closely with Dumfries & Galloway Council, Scottish Enterprise, Skills Development Scotland and Scottish Government officials to develop ambitious, game-changing proposals for the interim arrangements.

7.3 Equalities

It is anticipated that an Equalities Impact Assessment will be required in relation to the activities undertaken by the Interim Economic Partnership in order to ensure that there are no adverse impacts due to race, disability, gender, age, sexual orientation or religious/belief arising. It is expected that the Interim Economic Partnership will have inclusive economic growth as one of its key aims.

7.4 **Acting Sustainably**

The Interim Economic Partnership will have the aims of sustainable and inclusive economic growth at its core. By helping to encourage and secure additional economic activity and growth it will contribute to the sustainability of the local economy and communities.

7.5 **Carbon Management**

There are no direct implications for the Council's carbon emissions from this proposal. The Interim Economic Partnership is likely to have the transition to a Low Carbon Economy as one of its key objectives, and the Council will have a role, along with other local organisations and businesses, in contributing to that objective.

7.6 **Rural Proofing**

Rural Proofing is not specifically required as the proposals do not relate to an amended Council policy or strategy. However, the proposed Interim Economic Partnership has the potential to have a positive impact on rural areas.

7.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to be made to the Scheme of Administration or Scheme of Delegation arising from this report.

8 CONSULTATION

- 8.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR and the Clerk to the Council have been consulted and their comments have been included in the report.

Approved by

Rob Dickson
Executive Director

Signature

Author(s)

Name	Designation and Contact Number
Bryan McGrath	Chief Officer Economic Development, Chief Executives – Tel 01835 826525
Douglas Scott	Senior Policy Advisor, Chief Executives – Tel 01835 825155

Background Papers:

Previous Minute Reference: Executive Committee, 19 September 2017

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Bryan McGrath can also give information on other language translations as well as providing additional copies.

Contact us at Bryan McGrath, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA Tel: 01835 826525, email bmcgrath@scotborders.gov.uk

This page is intentionally left blank

T: 0300 244 4000
E: scottish.ministers@gov.scot

Cllr Shona Haslam
Leader – Scottish Borders Council
Council Headquarters
Newtown St Boswells
Melrose
TD6 0SA

Shona.Haslam@scotborders.gov.uk

16 November 2017

Dear Shona

I welcome our productive discussions about our aspirations for the new South of Scotland Enterprise Agency and our shared commitment to ensuring that the area benefits from a new approach in advance of the statutory body.

We agreed that the interim arrangements should take the form of an interim South of Scotland Economic Partnership. I should now like to invite you to confirm that you are content to commit your council to being part of the Partnership.

The Partnership will be key in delivering a fresh approach to addressing the economic needs and opportunities in the south of Scotland. It will take forward activities to drive the economy, sustain and grow communities and capitalise on people and resources, promoting fair work and inclusive growth. It will also help prepare the ground for the new Agency.

The Partnership will bring together key organisations already supporting economic development in the area with an advisory group drawn from business and other non-public sector players, who will be appointed by Ministers. The Partnership will be chaired by the private sector to ensure that the private sector is deeply involved in the way services are shaped and delivered.

Once established the Partnership will want to confirm its priorities and strategic direction. However, in coming together, we want the partnership to commit to a number of key principles and ways of working. This will ensure that members work together collaboratively to deliver improved outcomes and inclusive economic growth, aligning their resources to maximise impact.

The key principles for the Partnership are set out in the Memorandum of Understanding (MoU) which is enclosed at Annex A. This has been developed through discussion with stakeholders and the Enterprise and Skills Review Implementation Board, set up to drive forward the early elements the Review. We expect the Partnership to report on activity to partners and to the Scottish Government. Notably the MoU clarifies that the public sector organisations will use their existing governance arrangements to make the necessary decisions they require in respect of committing resources to an agreed and prioritised work plan.

The partnership's activities will be co-ordinated by a lead individual supported by an executive team drawing on staff and resources from member organisations. The lead individual will work with the advisory group and partners to deliver the agreed and prioritised work programme.

I know that we all want to make quick progress in establishing the partnership so that it can start making a difference. I should therefore be grateful if you could:

- Commit your Council to being a member of the partnership, working to benefit the South of Scotland and to align resources to deliver improved outcomes and priorities and agree to the key principles set out in the Memorandum of Understanding;
- Nominate a Senior Official (perhaps your Chief Executive) to represent your Council on the Partnership. This Senior Official will ensure that your Council is appropriately represented, through your existing governance arrangements, to the Partnership.
- Nominate a key official to work with the lead individual on the Partnership's Executive Management Team, we hope they would be closely involved in work of the Partnership within your organisation and would be committing around a day a week on the actual work of the Partnership.

I remain committed to ensuring the success of the Partnership and shall be happy to consider how best the Scottish Government can support its ambitions. We shall, for example, be funding the post of the lead individual and meeting the costs associated with the mechanics of the advisory group.

I look forward to your confirmation that you are content to participate in the Partnership building on the productive engagement we have had. I am sure that working together we shall ensure that the Partnership drives the changes that we all want to see to benefit the South of Scotland. You will have seen the progress in shaping the partnership made this week with the appointment of Professor Russel Griggs OBE as chair of the Partnership and Rob Dickson as the lead individual.

I have written to Cllr Murray, leader Dumfries and Galloway Council and shall also be writing to the Chairs of agencies supporting economic growth in the South of Scotland: Scottish Enterprise, Highlands and Islands Enterprise, VisitScotland, Scottish Funding Council and Skills Development Scotland to confirm their participation.



KEITH BROWN

SOUTH OF SCOTLAND INTERIM ECONOMIC PARTNERSHIP – MEMORANDUM OF UNDERSTANDING

Purpose of Agreement

The South of Scotland Economic Partnership (the Partnership) has been established to respond to the economic needs and opportunities of the South of Scotland in advance of the statutory South of Scotland Enterprise Agency. This agreement sets out the high level principles which will govern the partnership's activities.

Aim and objectives

With a clear strategic vision, the Partnership will take forward a range of activities that drive forward the economy, sustain and grow communities and capitalise on people and resources. The Partnership will promote fair work and inclusive growth with a clear focus on the South of Scotland, preparing the way for the new South of Scotland Enterprise Agency and ensuring the area benefits from a new approach in advance of the statutory body being constituted.

The Partnership will:

- Have a clear understanding of the assets and constraints facing the economy of the South of Scotland;
- Map current activity and set out what needs to be put in place in the future to support growth and to inform the work of the new agency;
- Identify and respond to gaps in provision and try new approaches tailored to the needs of the South of Scotland;
- Support change and drive alignment across partners and the private sector to ensure that the South of Scotland gets maximum benefit from support and investment;
- Bring together economic and community support to support sustainable communities;
- Deliver a clear and agreed interim economic outcomes plan, informed by evidence, to deliver inclusive and sustainable growth and fair work in the South of Scotland; and
- Define key performance indicators aligned to the economic outcomes plan.

Members of the Partnership

The partnership will be chaired by [private sector name] with an advisory group of [10] individuals drawn from the private, higher and further education and third sectors, giving direction to the Partnership's work and co-producing its activities.

The following organisations will be members of the partnership:

- Scottish Borders Council
- Dumfries and Galloway Council
- Scottish Enterprise
- Highlands and Islands Enterprise
- Visit Scotland
- Skills Development Scotland
- Scottish Funding Council

The actions agreed by the partnership will be managed and implemented by a lead individual name seconded to the Scottish Government and accountable to it. The lead individual will be supported by an executive team with a nominated representative from each organisation. Committed to joint working, each organisation will be expected to contribute resources to the successful delivery of the Partnership's aims and work programme. This will include contributing to a team of people delivering the programme of work, with individuals being required to work flexibly responding to the demands.

Ways of working

The Partnership will:

- have a clear and prioritised programme of work identifying the activities it will take forward during the interim period; and the resources that will be dedicated to this;
- engage with stakeholders across the South of Scotland, including businesses and those in the education and community sectors to ensure its work is informed by and responds to their views;
- provide regular communication on its activities and its progress to all relevant organisations and stakeholders;
- be committed to delivering the best outcome for the South of Scotland in everything it does and in all its actions; and
- Report on progress to the Strategic Board through the Partnership's Interim Chair

Geographic area of operation

The Partnership will operate in Scottish Borders and Dumfries and Galloway Council areas. It will want to establish effective working relationships beyond its boundary, as appropriate and through working with neighbouring authorities ensure the optimal delivery of projects to benefit the South of Scotland.

Timescale

The Partnership will run until the new South of Scotland Enterprise Agency is established.