
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

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Background Papers:

Previous Minute Reference: Executive Committee, 19 September 2017

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