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## **BORDERLANDS INCLUSIVE GROWTH DEAL**

### **Report by Executive Director EXECUTIVE COMMITTEE**

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**17 April 2018**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report sets out progress in taking forward the Borderlands initiative and highlights the work done in producing a Borderlands Inclusive Growth Proposition.**
- 1.2 The Borderlands Inclusive Growth Proposition was submitted at the beginning of October 2017 to David Mundell MP, Secretary of State for Scotland and Mr Keith Brown MSP Cabinet Secretary for Economy, Jobs and Fair Work, by the Council Leaders of the five local authorities making up the Borderlands Partnership.
- 1.3 The initial aim for the Proposition was for it to be mentioned in the UK Government Chancellor of the Exchequer's Autumn Statement on the 22 November 2017. This was successful and now further stages of work, including wider engagement with businesses, communities and other stakeholders will be required before a final proposition is agreed with both Governments.
- 1.4 As part of the development work, it has been agreed that the five partner Councils should sign a Memorandum of Understanding (MoU) to provide a clear governance framework for the pre-Deal period. It has also been agreed that all partners will provide £100k of funding during the pre-Deal period. This will require an additional contribution from Scottish Borders Council of £50k in 2018/19.

#### **2 RECOMMENDATIONS**

##### **2.1 I recommend that the Executive Committee:-**

- (a) Notes the positive progress made in developing a Borderlands Inclusive Growth Deal and discussing that with UK and Scottish Governments;**
- (b) Agrees to delegate authority to the Chief Executive, in consultation with the Leader and Executive Member for Business and Economic Development, to accept the terms of the Draft Memorandum of Understanding as set out in Appendix 2;**
- (c) Agrees that the Council should contribute a further £50,000 towards the joint pre-Deal development costs, to be allocated from existing budgets in the Economic Development service; and**

- (d) Agrees that further progress reports will be presented to the Committee during 2018 as the development stages of the deal proceed.**

### **3 BACKGROUND**

- 3.1 The Borderlands Inclusive Growth Deal involves a cross border proposition for inclusive economic growth which is being developed by Scottish Borders Council and Dumfries and Galloway Council, along with Carlisle City Council, Cumbria County Council and Northumberland County Council. It flows from the Conservative Manifesto for the UK Government elections in May 2017 to “bring forward a Borderlands Growth Deal, including all councils on both sides of the border, to help secure prosperity in southern Scotland”. The Scottish Government remain committed to developing Growth Deals across Scotland; this is reflected in their Programme for Government.
- 3.2 The Borderlands Inclusive Growth Deal complements the opportunities presented by the South of Scotland Enterprise Agency and the work to be carried out as part of its interim arrangements. It will also complement the projects being developed as part of the Edinburgh and South East Scotland City Region Deal.
- 3.3 The Inclusive Growth Deal will focus on a number of key themes. These themes are Energy; Digital; Transport Connectivity; Rural Productivity; Business; Destination Borderlands; Quality of Place; and Skills. An overview of these themes is included in the latest Borderlands Inclusive Growth Deal Newsletter, as set out in Appendix 1.

### **4 THE BORDERLANDS INCLUSIVE GROWTH DEAL**

- 4.1 The first key step in making progress with a Borderlands Inclusive Growth Deal was for it to be given a positive mention in the UK Government’s Chancellor of the Exchequer Budget Statement on the 22 November 2017. Since that initial announcement there has been a series of meetings held with officials from both the UK and Scottish Governments to discuss the ideas and proposed projects contained within the initial Proposition in more detail.
- 4.2 The outcome of this dialogue has been the agreement from both Governments to enter into a phase of co-development for the programmes and projects that will eventually form part of the Inclusive Growth Deal. It is hoped that the close involvement of civil servants from both Governments will prevent some of the repetitive, time consuming elements of the process that was used in developing the Edinburgh and South East Scotland City Region Deal. During April and May 2018 a number of technical workshops will be held involving key civil servants and other policy experts to help ensure that the projects being formulated are deliverable in the context of an Inclusive Growth Deal.
- 4.3 A Lead Officer team has been put in place, with representation from each Council. A Programme Manager has been appointed, resourced by Dumfries & Galloway Council, and each Council is also providing dedicated officer time to support the development work that is under way. Consultancy support is currently being sought to help ensure that the strategic business cases required by July 2018 can be delivered. Scottish Futures Trust and Scottish Enterprise have also been providing officer support, helping bring important lessons learned from their extensive experience of the City Deals across Scotland. This work is being overseen by Chief Executives of the five Councils, who are meeting regularly.

- 4.4 In terms of governance, it is proposed that the Borderlands Partnership should adopt an interim Memorandum of Understanding (MoU), with all five Councils signing up to this MoU for the pre-Deal period, up until an Inclusive Growth Deal is agreed with both Governments. This MoU is set out in Appendix 2 and covers the make-up and operation of the Borderlands Partnership as an informal partnership. Council Leaders will meet regularly as the Borderlands Partnership Board. The Leaders are next due to meet on 20 April 2018, when it is expected that the MoU will be officially signed off.
- 4.5 Officers have considered other potential governance models, but it was agreed by the Council Chief Executives that an informal partnership arrangement was the most practical way forward in view of the time pressures and complexities added by the English/Scottish border. Further work is to be undertaken on potential governance models for the post-Deal period. Recognising the complexities of the two different legislative regimes that operate north and south of the border, it has been agreed that specialist legal advice should be sought to help develop that main governance framework. All of the discussions around governance are focused on ensuring that each partner authority, and its elected members, is able to exert appropriate levels of influence over the decision making of the Borderlands Partnership and retains sole decision making authority in respect of matters it considers appropriate.

## **5 NEXT STEPS**

- 5.1 The next key step in developing the Borderlands Inclusive Growth Deal is the delivery of the technical workshops involving key civil servants and other policy experts in April and May 2018. This will help to ensure that the projects being formulated are deliverable in the context of an Inclusive Growth Deal. These workshops are crucial so that the range of project ideas being considered are all progressed to the same level of detail. Officers recognise that a significant amount of further work is required to develop the viable and robust projects that are required to meet the Government's assessment criteria.
- 5.2 Another key step relates to the wide range of stakeholder engagement work that is envisaged as part of the pre-Deal development phase. It is intended that the business sector, communities and other stakeholders will be able to feed in their views and ideas on projects and priority actions. This engagement will be delivered as part of the major consultation exercise that the South of Scotland Economic Partnership is undertaking over the next few months. This will assist in ensuring close alignment between the work-plan of the Economic Partnership and projects and programmes that might be supported by the Borderlands Inclusive Growth Deal. There will also be close engagement with other key partners as projects move through the development process. It is planned that a Borderlands Inclusive Growth Deal conference will be held in Dumfries in June 2018 to conclude this engagement process.

## **6 IMPLICATIONS**

### **6.1 Financial**

At present, the key cost implication for the Council is to provide funding to support the current development phase of the Borderlands Inclusive

Growth Deal. It has been agreed that all of the partner Councils should contribute £100,000 to support the work in the development phase, up to the signing of an Inclusive Growth Deal. Scottish Borders Council has already contributed £50,000 towards this development work during the 2017/18 financial year. It is proposed that the Council allocates a further £50,000 to support the development of this pre-Deal phase of work. This will allow for the development of a more detailed proposition with specific projects that can then be agreed by the UK and Scottish Governments. This expenditure has been identified within existing budgets in the Economic Development service. If a Deal is successfully signed, it will be necessary to consider whether further funding will be required in order to deliver the detailed business cases that the UK and Scottish Governments will require prior to the release of any funding. A future report will present recommendations on the overall future funding implications for the Council if the negotiations with the UK and Scottish Governments proceed.

## 6.2 **Risk and Mitigations**

At present, the key risk for the Council is the reputational risk of not being closely involved in the Borderlands Inclusive Growth Deal and thus failing to secure positive additional investments from the UK and Scottish Governments, if the Deal moves forward successfully. This risk is being mitigated by Council officers and senior Elected Members engaging closely with the partner Councils to develop the Borderlands Inclusive Growth Deal, and in due course, any associated negotiations with UK and Scottish Governments.

- 6.3 Partnership working will always present challenges. However, the Council and partners involved in the Borderlands Inclusive Growth Deal are committed to working together to ensure its success and positive additional investments from the UK and Scottish Governments. As discussed throughout the report there are actions in place to mitigate risks to the achievement of the objectives. These mitigations include regular engagement with key stakeholders and meetings/workshops between key partners to ensure that projects and other activities are aligned. As discussed at Section 4.5, due to the complexities of the two different legislative regimes, specialist legal advice will be sought to ensure that appropriate governance is in place to allow for fair and robust decision making post-Deal. Risk registers will also be developed and appropriately managed for each of the programmes and projects which support the work of the partner Councils.

## 6.4 **Equalities**

An equality impact assessment (EIA) will be undertaken as part of the process to finalise a Borderlands Inclusive Growth Deal. Further EIAs may also be required in future for the different projects that will make up the overall programme of work, should that be secured. The Borderlands Inclusive Growth Deal will have a strong emphasis on inclusive growth so it is expected that there would be a range of positive impacts identified in the EIA.

## 6.5 **Acting Sustainably**

The Borderlands Inclusive Growth Deal will have a focus on Inclusive Growth and Low Carbon economy. It is expected that there will be a range of positive impacts for the local economy, communities and potentially the

environment.

## 6.6 Carbon Management

The Borderlands Inclusive Growth Deal may have positive implications for carbon emissions in the Scottish Borders, but these will not be clear until further detailed work has been undertaken on the potential projects.

## 6.7 Rural Proofing

Rural proofing is not required because this project does not change Council strategy or policy.

## 6.8 Changes to Scheme of Administration or Scheme of Delegation

No changes to either the Scheme of Administration or the Scheme of Delegation are required as a result of the proposals in this report.

## 7 CONSULTATION

- 7.1 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 incorporated into the report.

### Approved by

**Rob Dickson**  
Executive Director

Signature .....

### Author(s)

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**Background Papers:** N/A

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**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.

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