

**SCOTTISH BORDERS**  
**COMMUNITY PLANNING STRATEGIC BOARD**

MINUTE of MEETING of the COMMUNITY PLANNING STRATEGIC BOARD held in the Council Chamber, Council Headquarters, Newtown St Boswells on 3 April 2014 at 2.00pm.

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Present:- Councillors J. Brown (Chairman), S. Bell; Ms H. Cuckow (Eildon Housing Association), Mr J. Dickie (Scottish Fire and Rescue Service), Cllr G. Edgar (SESTRANS), Mrs M. Hume (3<sup>rd</sup> Sector), Chief Superintendent G. Imery (Police Scotland), Mr A. Jackimciw (Borders College), Ms M. Peers (Berwickshire Housing Association), Dr D. Steele (NHS Board), Mrs R. Stenhouse (Waverley Housing).

Apologies:- Councillors D. Parker, C. Bhatia, M. Cook; Mr R. Licence (SBHA), Mr C. Campbell, Mr P. Heath, Mr A. McKinnon, Mr J. Raine.

In Attendance:- Ms T. Logan (SBC Chief Executive), Dr E. Baijal (Joint Director of Public Health), Mr D. Cressey (SBC Service Director of Strategy & Policy), Mr R. Dickson (SBC Corporate Transformation and Services Director), Ms S. Everingham (SBC Director of Social Work), Mr B. McGrath (SBC Chief Officer Economic Development), Clerk to Council, Democratic Services Officer (P. Bolson).

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**QUORUM**

1. The Clerk to the Council explained that the quorum for the Community Planning Strategic Board was three Scottish Borders Councillors and as only two Councillors were present, the meeting was therefore inquorate. The meeting moved into informal business and it was noted that any recommendations or decisions would need to be considered at the next meeting of the Board.

**ORDER OF BUSINESS**

2. The Chairman varied the order of business as shown on the agenda and the Minute reflects the order in which the items were considered at the meeting.

**MINUTE**

3. There had been circulated copies of the Minute of the Meeting held on 13 February 2014.

**DECISION**

**APPROVED the Minute, for signature by the Chairman, subject to an amendment to the sederunt.**

**REDUCING INEQUALITIES**

4. With reference to paragraph 8 of the Minute of 13 February 2014, the Joint Director of Public Health gave an update on the Reducing Inequalities Strategy for the Borders. Dr Baijal explained the three main parts of the Strategy, namely purpose, product and process. In terms of purpose, the outcome of the Strategy was to provide direction to partners as to where acting together would add value in reducing the inequalities gap between the most deprived and the most affluent communities in the Borders; while suitability, feasibility and affordability were listed as the three main criteria in developing the Strategy. Dr Baijal went on to explain that the end product would be an easy to read document within which a small number of high level actions would be identified and from which detailed action planning would fall. The presentation explained that a Working Group had been established to work on the development of the Strategy and that a number of existing resources would also be

utilised. The presentation also detailed the format of the Strategy, listing the different sections within the document. Dr Baijal confirmed that the draft Strategy would be published for consultation in late summer 2014, and that outcomes and performance indicators were being developed from the SOA, using the baseline in the Strategic Assessment and the Director of Public Health's annual report, and looking at the gap between the more affluent and less affluent sectors. Members acknowledged the importance of housing as a key issue in the Strategy and Mr Cressey advised that discussions had already taken place with the Chief Executives of the RSLs.

**DECISION  
NOTED.**

**PROPOSED SOUTH OF SCOTLAND RURAL REGIONAL ECONOMIC DEVELOPMENT PROGRAMME**

5. There had been circulated copies of a report by the Chief Executive updating the Board on progress made in developing a Rural Economic Development Programme for the South of Scotland in partnership with Scottish Enterprise and Dumfries and Galloway Council. Mr McGrath, Chief Officer Economic Development, explained the background to the report, advising that Scottish Borders Council, Dumfries and Galloway Council and Scottish Enterprise had been working together to develop the draft Programme (attached as an Appendix to this Minute) and listed strategic projects that could be taken forward over the period 2014-16. Mr McGrath further explained that the draft Programme linked into Scottish Government economic strategy as well as local economic strategy for each area and listed the four main projects as the Borders Railway/Central Borders Business Park, Developing the World Class Mountain Biking Product, M74 Corridor Strategic Development Masterplan, and the Stranraer Waterfront. Mr McGrath advised that a section on related strategic initiatives had also been included in the Programme recognising the need for ongoing work to take place with local businesses in terms of developing activity strands which focused on leadership development and ambition; rural innovation; and internationalisation. Discussion followed in relation to attracting major mountain-biking events to the area, the way in which the South of Scotland promoted itself, and the importance of the Community Planning Partnerships in both Council areas. It was recognised that the Highlands and Islands were considered rural and remote, but the Scottish Borders and Dumfries & Galloway were also rural and remote, and the South of Scotland aimed to be recognised as rural and relatively remote. Officers answered Members' questions and it was noted that no reference was made in the Programme to education and training in mountain-biking, which could offer opportunities to attract international students and research to the area.

**DECISION**

**AGREED to RECOMMEND endorsement of:-**

- (a) **the positive progress made in relation to the South of Scotland Rural Regional Economic Development Programme; and**
- (b) **the ambitions and priority projects included in the draft Programme.**

**BORDERS RAILWAY TIMETABLE**

6. There had been circulated copies of a report by the Corporate Transformation and Services Director providing notification of the proposed Borders Railway train service to be provided from autumn 2015. Mr Dickson explained that a draft railway timetable and rail fares had been developed within the parameters set by Transport Scotland and following consultation. He also advised that the current disabled concessionary scheme funded by Scottish Councils would be valid on the new rail service. The timetable identified that a small number of trains would travel beyond Waverley Station to Haymarket and South Gyle and Mr Dickson advised that the range of fares for the whole service compared favourably with that for other similar journeys across Scotland. Mr Dickson advised that further work to reconfigure bus timetables and taxi arrangements would be progressed throughout 2014 and confirmed that the Transport Interchange was progressing on schedule. Members congratulated the officers involved in the development of this project, while acknowledging

that people needed to use the railway to ensure the timetable remained as strong as that proposed.

## **DECISION**

**NOTED the draft Borders Railway train service.**

### **PUBLIC SERVICE REFORM THEME GROUP**

7. There had been circulated copies of a report by the SBC Service Director for Strategy and Policy seeking approval for the establishment of a Public Service Reform Theme Group which would sit alongside the other theme groups of Reducing Inequalities and Economy & Low Carbon. Mr Cressey explained that the new Public Service Reform Theme Group would enable the Community Planning Partnership (CCP) to respond at a local level to the national programme of reform and would be dedicated to the reform agenda, ensuring that conditions for reform were created within the Scottish Borders. Mr Cressey went on to explain that public service reform was a key priority for Scotland, given the rising demand for public services, tighter budgets and the need for more efficient public services. The report noted that there were three main focus areas within the current national programme of reform - user focus, effectiveness and value for money and that, as a result, public services would need to be more flexible, responsive, economic and effective at a local level to meet the challenges ahead. Mr Cressey referred to a report by Audit Scotland which highlighted the key challenges facing the Scottish Borders and the impact of the Welfare Reform Act. Discussion followed and it was acknowledged that the Third Sector had a crucial part to play in the future partnership working required to design and deliver public and community services. Members also discussed the levels of deprivation in the Borders, particularly in areas of Galashiels and Hawick and the possibility of empty, hard to let RSL properties being utilised by partners such as Social Work, Police, Health etc. The SBC Chief Executive confirmed that the role of the new Theme Group would include consideration of collective use of resources which would be visible to the Strategic Board and be essential for the corporate delivery of the Programme. It was noted that there was no representative from Scottish Government at the meeting, and given that national reform would impact on local delivery, this was of some concern to members. The Chief Executive advised that key partners had been identified but that other representatives could be invited to participate as appropriate. Members noted that, with regard to Self Directed Support, further engagement with local communities would be required in terms of future delivery of services.

## **DECISION**

**AGREED to RECOMMEND:-**

- (a) that a new Community Planning Partnership theme group be established and that its title would be Scottish Borders Future Services Reform Theme; and**
- (b) that a draft work programme be brought back to the Partnership for consideration and approval.**

### **STRATEGIC ASSESSMENT 2014**

8. There had been circulated copies of a summary of the Scottish Borders Strategic Assessment 2014. Mrs Sarah Watters, SBC Corporate Performance and Information Manager, also gave a presentation which explained the background and purpose of this Assessment and highlighted the key points. Mrs Watters advised that, in terms of economic overview, the Scottish Borders continued to face significant challenges relating to physical, digital and mobile connectivity; that, in comparison to the rest of Scotland, the Scottish Borders had a higher rate of employment in agriculture, fishing and manufacture but a lower proportion employed in banking, finance and insurance; and that overall, the workforce in the Scottish Borders was well-educated and skilled with a lower proportion of people of working age with low or no qualifications than the rest of Scotland. The statistics for social overview highlighted that, within the Scottish Borders, there were still areas experiencing health, income, employment and/or access deprivation; that there was a smaller proportion of people of working age and proportionally fewer children than in the rest of Scotland; and

that the number of people aged 75+ was expected to rise by 98% between 2010 and 2035. The five top neighbourhood priorities identified in the 2013 Household Survey were also listed. The environmental overview noted that better co-ordination and measurement of the impact of renewables and changes in energy consumption was required and that there was a challenge in improving access to services and amenities. Discussion on various issues followed and officers answered members' questions. It was noted that young volunteers in the Borders aged between 16 and 25 had recently been presented with certificates recognising their contribution to the community, and that this should be recognised within the Assessment. In terms of safety on roads in the Scottish Borders, it was of some concern that there were more people killed or seriously injured here compared to other areas in Scotland and it was explained that the national comparison was important to ensure that this issue remained a key priority. It was noted that the age profile relating to Road Traffic Accidents was relevant in terms of younger drivers and it was confirmed that the Skill for Life Training Programme for young drivers aged between 17 and 26 launched in April was fully booked. It was also suggested that training for older people could be very useful to help them recognise changes in their driving reaction times etc. Chief Superintendent Imery agreed to take this forward and would update the Board at a future meeting.

## **DECISION**

- (a) NOTED the presentation.**
- (b) AGREED to RECOMMEND:-**
  - (i) to continue to focus on three Community Planning Partnership priorities;**
  - (ii) to continue to use representation on the national Information Evidence and Data Group project to influence data on renewables, energy efficiency and low carbon and to address the lag with other key data sets;**
  - (iii) to use the Strategic Assessment as a key evidence base for Community Planning Partnership work and within partner organisations;**
  - (iv) to ensure that partners continued to support the annual Strategic Assessment process; and**
  - (v) to receive an update from Chief Superintendent Imery on driver training for older people at a future meeting.**

## **JOINT DELIVERY TEAM**

- 9. There had been circulated copies of the Minute of the Meeting of the Joint Delivery Team held on 22 January 2014.

## **DECISION NOTED.**

*The meeting concluded at 3.25pm*

## South of Scotland Alliance

### Rural Regional Economic Development Programme – 2014-2016

#### Ambitions

The South of Scotland Alliance originally launched its Competitiveness Strategy as an ambitious proposal to develop the economy across the South of Scotland, aiming to match and complement the priority which the government was then giving to the 'city regions' of Central Scotland. We wanted to play our full part in the economic success of Scotland, strengthen our claim to be a fully integrated part of the new, devolved, Scotland and sought to enjoy full parity with other regions in attracting public investment in order to support a "catch up" in growth rate with the central belt. These remain our ambitions.

The rural South wants to play a more significant part in the growth of Scottish economy and we see some key opportunities arising in the near term that will facilitate that ambition. But we need to focus resources in such a way that we are able to take those opportunities forward to make a difference for the South of Scotland and the Scottish economy.

#### Opportunities

There are key building blocks being put in place to help achieve this, especially Superfast broadband connectivity, the railway development in the Scottish Borders, developments along the M74 corridor in Dumfries and Galloway, and Assisted Area status. These are unique opportunities in terms of the economic history of the South of Scotland and we know that we must work together with the Scottish Government to ensure they deliver their full potential.

The projects included in this Programme are all recognised regional priorities which together represent a nationally significant economic development Programme for the South of Scotland. They are presented in this Programme format to demonstrate that there are projects of scale in rural areas that can have an economic impact that contributes at the Scottish level.

Support from Scottish Enterprise and other national agencies is required if these strategically important projects are to be successfully exploited by their respective Community Planning Partnerships. Our Programme sets out a simple range of rural economic development projects in the South of Scotland which we believe align well with Scottish Enterprise's key priorities. The commitment of specialist expertise from all of the partners will be crucial if the proposed Programme is to be refined and successfully implemented, delivering practical interventions which will ensure additional economic impact.

The South of Scotland Alliance recognises that there will be a variety of approaches required for the different projects and that the local Community Planning Partnerships will provide the best vehicle for the governance and project management of each strand of work.

#### Economic Context

It is clear that the regions that make up Scotland have quite different economies. Each of these regions has a varying mix of assets and potential in terms of people, skills, businesses, communities, organisations, infrastructure and services that can contribute to economic growth.

In considering this economic context, it is important to remember the continuing challenges faced by the South of Scotland in relation to significantly lower GDP per head, low wages and difficult employment situation.

- South of Scotland's annual GVA growth rate tends to be below the Scottish Average – £3.6bn - 3.4% of Scottish GVA
- GVA per head of population is significantly below the Scottish average - £13,524 against £20,013 (67.5% of Scottish Ave.)
- Productivity is lower in South than the Scottish average – and still below pre-recession levels in real terms - £30,889 against £43,095
- Agriculture, forestry and fishing sector has the largest proportion of firms in the South, followed by retail and construction
- VAT/PAYE registrations per 10,000 working population are below the Scottish Average – 42 against 53.

There are some key characteristics of our economy and business base that are a 'brake' on indigenous growth:

- Structure (business size / business type) of regional economy leads to relatively low GVA per head and productivity
- Significant lack of "business growth" - micro to small; small to medium; medium to big
- Dependence on the primary sector (and therefore a major negative CAP impact)
- Importance of food & drink products and tourism (particular market segments/sectors)
- Service sector driving Scottish growth, but under represented in the South
- Niche "Products" – eg luxury textiles; specialist foods; heritage/cultural/activity tourism
- Ageing population and attractive retirement location

### **The Programme**

Our Programme aims to address some of these challenges through a growth focused approach. The Programme targets the opportunities that are on the horizon and proposes four key Project areas. These Projects will require significant financial support in order to deliver outcomes on the ground.

1. We want to close the GVA per head gap with the Scottish average.
2. We want to bring new types of business into the South of Scotland – different sectors that can add resilience and future proofing for our economy. No. of inward investments
3. We want to encourage our existing businesses to grow on the back of these opportunities – to maximise the local potential that hides under the surface. No. of local businesses in growth pipeline and Account Management
4. We want to expand our service sector - so that the economy is more diverse. No. of businesses in key sectors.

5. We want to bring in additional visitor spend and increase the number of bednights in the area – so that tourism businesses can grow and new private sector investment in tourism facilities and products is made. Increase in visitor numbers, increase in visitor spend.
6. We want to use the quality of life we have on offer to grow our working age populations - to sustain our communities and local services for the long term.

In proposing this Programme we are aiming to overcome the issue of rural regions lacking projects of sufficient scale to be prioritised for investment by Scottish Enterprise. By focusing on the key opportunities we believe our approach demonstrates that the rural economy of the South of Scotland can make a significant contribution to the national economy.

There are real opportunities to close the gap with the rest of Scotland, and in doing so provide a positive contribution to the Scottish economy. This Programme can form a significant step on that route towards stronger economic growth.

## Project 1 - Borders Railway / Central Borders Business Park

In 2013 an 'Economic and Market Assessment' for new business space in the vicinity of the Borders Railway Terminal at Tweedbank was undertaken, delivered by Ironside Farrar Ltd on behalf of Scottish Borders Council (SBC) and Scottish Enterprise (SE).

The report's economic analysis highlights short term demand for new commercial office space to meet projected growth in the 'professional and business services' in central Borders over the next five years. This estimates demand for 450m<sup>2</sup>-1,750 m<sup>2</sup> of new business space with between 180-350 new jobs created.

Over the medium to long term, a review of comparator projects identifies a range of positive impacts from railway investment on the economy. Benefits include access to employment, services, business relocations, positive changes to the population base, productivity and perceptions of the area. The report suggests over the medium to long term (up to 15 years) there could be demand for 5,000 m<sup>2</sup> to 12,000 m<sup>2</sup> new office floorspace, with the creation of 1,000 – 2,300 jobs.

The potential demand for high quality premises means Tweedbank would be a 'natural location for development and industry'. However, the report suggests that a severely restricted development investment market means uncertainty for delivery of business space without public sector intervention.

The most effective way to deliver new employment land opportunities in this Central Borders location is to redevelop parts, or all, of the existing Tweedbank Industrial Estate. This area has been the key strategic industrial site in the Scottish Borders for decades and much of the property in this area is now due for replacement or major renovation. Officers consider that the redevelopment of this site is considerably more cost effective than developing a similar area of greenfield land. It also has the key benefit of being adjacent to the railhead for the new Borders Railway. As an existing industrial area it also benefits from good existing services and a well planned landscape setting.

Inward Investment marketing is also required to maximize the benefits of the Borders Railway. This would include marketing campaigns and familiarisation visits to promote the advantages of locating to the Scottish Borders. This would be delivered in partnership with SDI and city-region local authorities, building on 'Our Scottish Borders' and 'The Best Move of Your Life' brands. Focused on the exceptional quality of life the area has to offer, a skilled workforce, competitive costs, and good ICT and rail connectivity.

### Project 1 - Borders Railway / Central Borders Business Park

	Resource	Lead (Support)	Target (activity/output)	Timescale	Outcome Measured by:	Benefits Realised: EDS Outcome (to 2023) Measured by:
<b>Project 1 – Borders Railway/ Central Borders Business Park</b>						
Central Borders	Initial	SE / SBC	Development Appraisal. Design	September 2016	Creation of high quality employment locations	There is new land and premises to encourage

	Resource	Lead (Support)	Target (activity/output)	Timescale	Outcome Measured by:	Benefits Realised: EDS Outcome (to 2023)  Measured by:
Business Park	estimate – £5M		Vision & Technical Briefs.  Upgrading, demolitions and Phased Redevelopment – in partnership with Private Sector		next to Tweedbank Station.  Measured by: Hectares of business sites occupied. Number of business relocations.	business to grow and relocate.
Inward Investment Marketing	Officer time  Initial estimate - £100,000	SBC / SE partnership (SDI)	No. marketing campaigns. Number of enquiries.	September 2016	New business investment in Scottish Borders Railway corridor.  Measured by: No. of business relocations.  GVA/ jobs created.	New businesses are attracted to the Scottish Borders.  The economic development potential of the Borders Railway is maximized.

## Project 2 – Mountain Biking – Developing Our World-Class Product

### Mountain Bike Uplift

The South of Scotland has established a world-class reputation for Mountain Biking through the 7stanes products. This proposal is to develop a visitor and outdoor activities centre near Innerleithen/Traquair as a complement to the Glentress 'stane'. This project is intended as an extension and complement to existing tourist attractions in the local area. The majority of the development will take place in Traquair Forest, a planted forest managed by Forestry Commission Scotland. Located just South of Innerleithen, the Traquair Forest is home to some of Britain's most popular mountain bike trails and plays host to regional, national, and international events.

The uplift provides an excellent opportunity to make mountain biking in the region more accessible. It also gives the region the ability to host international downhill championships – these currently only go to venues with uplift facilities. The new plans for Glentress include a significant number of holiday lodges and this facility would provide another attraction to encourage people to stay in the lodges as it would provide more variety and a wider range of experiences for the visitors. Without this new facility, or a similar type of high profile addition to refresh the mountain biking product, the South of Scotland will start to lose its profile and draw as a key mountain biking destination, especially for the markets in the north of England.

The uplift project that is proposed has the additional feature of an all-weather toboggan run adding a new tourist facility to the area and broadening its outdoors appeal. The success of this project would also encourage further investment in the town and surrounding area.

### Accommodation

More than 300,000 visitors come to Glentress each year, the majority of whom are day visitors. The Tweed Valley is currently understocked with accommodation providers so an opportunity lies in the following accommodation investment:

- Velotel (or similar) in Innerleithen
- If approved, FCS Glentress Masterplan to include: Peel village, arrival building, main building, activity building and cabin accommodation (x 90). Additional parking, trailhead and routes are also being considered.
- Bunkhouse/hostel accommodation, B&B's and self-catering

### Business/resort Tourism

- SE Glentress centre for MTB excellence  
SE leading on the above project to include centre of academia, skills training and community learning similar to Snowpolis in Finland. [www.snowpolis.fi/](http://www.snowpolis.fi/)

### Events

- Uplift to attract bigger events i.e. Mountain Bike world cup – investment in uplift system at Innerleithen.

These opportunities are acknowledged and reinforced by:

- VisitScotland Tourism Development Framework for Scotland (2013) includes strategic aims covering Forest Tourism in Scotland
- VisitScotland national strategic aims including a focus on Scotland's Outdoor Activities - Leisure Cycling and Mountain Biking and Forest Tourism
- VisitScotland's Scottish Borders strategic aims:
  - The quality of the mountain-biking experience in the Scottish Borders is internationally recognised and its attraction can be further developed. There are opportunities at Glentress, near Peebles, and Newcastleton, to build on existing assets; and at Innerleithen to develop new attractions, such as a Mountain Bike Uplift, that will increase tourist numbers and visitor spend.
  - There are opportunities for investment in new resort development in the Scottish Borders. Forestry Commission Scotland considers that locations should be linked with forest tourism, such as the Tweed Valley Forest Park area, linking to a range of outdoor and forest based activities.
  - There is an opportunity for the provision of new self-catering accommodation (where deficiencies are identified), bunkhouse provision, holiday parks and low carbon development which support the wider "rural tourism product".

#### Project 2 – Mountain Biking – Refreshing a World-Class Product

	Resource	Lead (Support)	Target (activity/output)	Timescale	Outcome Measured by:	Benefits Realised: EDS Outcome (to 2023)  Measured by:
<b>Project 2 – Mountain Biking – Developing a World-Class Product</b>						
7stanes mountain biking network and AimUp	Initial estimate - £5M	SE / FCS / SBC  Community / SBC / SE partnership	Development Appraisal. Design Vision & Technical Briefs.  Site / Product Development (phased)  No. of MTB routes. Creation of new Number of MTB attractions.	September 2016	New mountain biking products and experiences are developed.  Measured by: No. of visitors. GVA/ jobs created	Recreational, retail and cultural opportunities are maximised.

	Resource	Lead (Support)	Target (activity/output)	Timescale	Outcome Measured by:	Benefits Realised: EDS Outcome (to 2023)  Measured by:
Tweed valley resort development	Initial estimate -  £5M	Private sector/ Joint venture	Caerlee Mill redevelopment. Velohotel (or similar)  No. of Bed spaces.	September 2016	New tourism business investment in the Tweed Valley  Measured by: No. of business relocations. GVA/ jobs created.	Activity is increased in key local sectors, including tourism and food & drink.  New businesses are attracted to the Scottish Borders.

## Project 3 - M74 - INITIAL SCOPING CONSIDERATIONS

### 1. INTRODUCTION

The M6 / M74 corridor from Carlisle through Dumfries and Galloway (D&G) has been highlighted as a strategic development priority in D&G Council's (DGC) revised economic development plan. This reflects both the need to mitigate the large scale redundancies emanating over the next 5 years from decommissioning of the former Chapelcross nuclear power station, and from the growth pole opportunity associated with the physical infrastructure already concentrated (but not utilised effectively) in the region.

The following topics were considered in formulating a brief defining the scope for a masterplan study to shape economic development of the M74 corridor area over the next 20 – 25 years:

1. The South of Scotland Alliance's (SoSA) meetings with Scottish Government (SG) seeking investment into the regional economy.
2. Energy sector opportunities arising from national Energy Market Reform (EMR) and The Energy Act (Dec 2013), which includes provision for a "capacity market" for energy storage.
3. Transnational, academic collaboration with industry (primarily energy sector) to exploit innovation between partner regions around the Irish Sea Rim,
4. Parallel ambitions in neighbouring regions that would have an influence on, or be influenced by activities in the M74 corridor area

### 2. STAKEHOLDERS

It is anticipated that the masterplanning exercise would involve

- D&G Council (DGC)
- Carlisle City and /or Cumbria County Councils
- Scottish Enterprise
- Scottish Government
- Nuclear Decommissioning Authority (NDA)
- Scottish Borders Council (SBC)
- Ministry of Defence (MoD)

Funding for the masterplan exercise would be shared between willing parties.

### 3. EXISTING ASPIRATIONS

Aspirational projects already being considered include development of

- Carlisle Airfield - into a regional airport facility handling both freight and passenger traffic

- A Dry Port facility including intermodal freight distribution hub, on MoD land at Longtown, Cumbria
- Coalbed methane and deep coal extraction around Canonbie
- Expansion of James Jones Ltd's timber processing operations at Stevens Croft, Lockerbie.
- Enhanced railhead development at Mossend (Eurocentral), North Lanarkshire, to serve as a freight hub.
- Prior opportunities to attract data centre investment have become frustrated. The chance to secure tier 1 multinational operators in this sector has been missed, but the rationale for the region to be an attractive location for such investment remains valid for lower tier operators
- Long term aspiration to extend the new Borders Railway from Melrose to Carlisle

#### 4. ENERGY SECTOR CONTEXT

NDA is keen to see an energy industry legacy in the region post decommissioning of Chapelcross.

South of Scotland is already home to a range of renewable generating technologies, including onshore and offshore wind, biomass, traditional hydro, and (small scale) solar. Development interest exists for large scale solar, additional biomass, anaerobic digestion, tidal flow and geothermal systems. Open cast coal extraction is already present and licences are held by two developers for coalbed methane and deep mined coal extraction, both of which projects are working through Planning.

The Energy Act (Dec 2013) has called the SG's published strategy in relation to energy storage into sharp relief by introducing proposals for a capacity market and call for capacity bids starting in 2015. SG strategy had not anticipated storage capacity featuring in grid systems before 2020.

It is now proposed that the Capacity Market will be open to all storage projects and offer up to 10 year contracts for build plant. Auctions will be technology neutral so new build storage will need to compete against generation (large and embedded) and Demand Side response. The first auction will be held in 2014 for delivery in 2018/9. Additionally the transitional arrangements will help sub 40MW storage projects gear up for the Capacity with 'go early auctions in 2015 and 2016 for delivery in 2016/17 and 2017/8. Contracts will be for one year.

There are a number of energy storage technologies already at various stages of commercial development that SE has been monitoring and assessing, but there is a new urgency to evaluate the best economic opportunity for Scotland now that a commercial imperative has been introduced to the market.

##### 4.1 Distributed systems approach: (with potential national and regional impact)

A research white paper report by Strathclyde University<sup>1</sup> has estimated the load balancing capacity required in Scotland to smooth demand against intermittent renewable generating capacity and postulated a model for a network of storage hubs that could be deployed in a localised grid support configuration. This is compatible with competition proposals currently open through the TSB, which also seek to explore distributed community scale energy systems mixing generation, storage and demand management.

##### 4.2 Large scale centre approach: (with potential national impact)

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<sup>1</sup> "Scotland: A Case Study for Liquid Air Energy Storage, by William Holt, May 2013.

A commercial consortium, under the name North West Energy Squared (NWE2) and operating primarily in NW England, is beginning to explore opportunities to package different energy technology and infrastructure developments into investment ready projects, at scale to meet anticipated future UK energy demand requirements.

The MoD site at Eastriggs might be suitable as a location for multiple generating and energy storage technologies, creating opportunities for large scale on demand / continuous power generation and an academic R&D / Innovation centre of excellence exploiting cross technology developments. Manufacturing facilities for new (exportable) energy technologies might also be possible.

#### **4.3 Coal and Gas**

The prospects for coal and gas extraction and their potential benefits in relation to the energy sector need to be better understood.

The optimum strategy for Scotland needs to be determined with some urgency in relation to either of the market opportunities: for a localised storage / grid management approach and / or to capture a share of national grid scale generating and load balancing. Capacity Market auction bidding will begin by 2015.

### **5. OTHER SECTORS**

Prospects for other large scale industries present in the region in the region need to be assessed:

- Primary agriculture
- Forestry
- Value add food processing
- Value add timber processing
- Tourism
- Transport & Distribution

### **6. TRANSNATIONAL CONTEXT**

Dr. Phil Leigh of University of Central Lancashire (UCLAN) (who has a historic connection to Crichton Campus Carbon Research Centre) published a project prospectus in Autumn 2013 outlining ideas for an Irish Sea Rim, Economic, Research and Innovation Zone. The proposals essentially suggest collaboration between a host of academic institutions and commercial enterprises to capitalise on R&D opportunities from key industry sectors to transform the economy of regions around the Irish Sea coast over the next decade.

The paper builds heavily on the energy sector proposals being advanced by NWE2, and has similarities to the existing ENSEA transnational partnership, focused around the North Sea area.

### **7. INFRASTRUCTURE ASSETS**

National utilities and transport networks traverse D&G through the M74 corridor.

- M6/M74 Motorway network with access junctions (south to north) at Carlisle, Gretna, Eaglesfield, Kirkpatrick Fleming, Ecclefechan, Lockerbie, Johnstonebridge and Beattock/Moffat, traverses the region.
- The West Coast Main line railway with stations at (south to north) Carlisle and Lockerbie(limited services), provides connections to London and Glasgow. SWESTrans is currently pursuing re-opening of a station at Beattock.
- The Glasgow and South West line, passing through Kilmarnock, Dumfries, Annan and Gretna also connects to Carlisle. This line is used extensively for bulk coal freight moving south from Hunterston Terminal in North Ayrshire, and also provides limited commuter passenger services.
- The 400Kv / 275Kv National Power grid backbone traverses the region with the main Scotland / England interconnector at Harker near Carlisle. Major (recently upgraded) substations are situated at Gretna and Elvanfoot (South Lanarkshire) and a further connection point is planned at Moffat, partly to serve the Clyde Windfarm. Resilient 275Kv grid connections exist between Harker, Gretna and Chapelcross.
- The national gas grid and the national ethylene pipeline pass through the corridor.
- Several carrier class telecommunications network operators have infrastructure passing through the corridor.

## 8. CONSTRAINTS

The population of the region is forecast to decline in absolute numbers and undergo a disproportionately large shift towards older age groups.

- There is limited stock of serviced employment land and the cost of development of new sites is prohibitive for commercial developers, due to high charges for access to utilities. Water supply and drainage systems capacity is severely restricted in places.
- The stock of existing commercial and industrial property is ageing, and largely unfit for purpose for current business needs.
- The business base is dominated by small and micro businesses, much of which is not growth focused.

### Project 3 - M74 CORRIDOR STRATEGIC DEVELOPMENT MASTERPLAN

	Resource	Lead (Support)	Target (activity/output)	Timescale	Outcome Measured by:	Benefits Realised: EDS Outcome (to 2023) Measured by:
<b>Project 3 – M74 Corridor Strategic Development Masterplan</b>						
Strategic Masterplan Study to evaluate collaborative	Initial estimate - £250k	DGC/ SE/ SG/NDA/Carlisle & Cumbria councils	A quasi-Strategic Development Plan spanning the cross border region.	2014	Supplementary Planning guidance adoptable by the respective authorities.	Development proposals taken forward and inward investment.

	Resource	Lead (Support)	Target (activity/output)	Timescale	Outcome Measured by:	Benefits Realised: EDS Outcome (to 2023)  Measured by:
development opportunities with partner regions.						
Energy sector developments at Chapelcross and / or Eastriggs	Potentially £Millions	Private Sector	Transnational scale, Centre of Excellence in multiple sustainable energy Storage and Generation technologies.	2020	Installed generating and storage capacity	Replace / exceed jobs lost from the decommissioned nuclear facility at Chapelcross.  Public sector constraint payments saved from renewables generators.

## Project 4 - Stranraer Waterfront

Stranraer Waterfront Urban Design Strategy and Masterplan (and associated Development Brief) sets out a strategic vision '*To reposition Stranraer and Loch Ryan as a distinctive and successful marine leisure destination*'

The regeneration proposals set out the vision to develop an attractive seaside town and a high quality service hub for residents, businesses and visitors. To achieve this public, private and community partnerships will be required to attract investment to:

- Promote Stranraer as a gateway to Scotland and a visitor destination
- Develop an attractive seaside town and a high quality service hub for residents, businesses and visitors
- Develop Stranraer/Loch Ryan as a centre of excellence for marine leisure and green tourism
- Make the waterfront a place where people choose to live, work, play and visit & create opportunities for new business, retail and leisure developments
- Create new business and employment opportunities
- Foster and strengthen community cohesion

The ongoing delivery of this regeneration vision for Stranraer and Loch Ryan (and indeed wider South West of Scotland) is being progressed on the back of significant national Government and Council investment for roads and water infrastructure and the town centre and marina development. In total this amounts to in the region of £60m of committed investment. There are two strategic projects within the wider programme which are now at the stage of detailed development and delivery and are key to delivering successful and sustainable regeneration: the development of Stranraer Marina and the redevelopment of the East Pier (the former ferry site) into a mixed use site for complimentary business, housing, retail and leisure uses.

### Stranraer Marina

Building on national and international tourism and water sports research, the Stranraer Marine Leisure Study and Infrastructure Delivery Plan (Leigh Fisher Management Consultants, September 2012) provides clear evidence of demand for marine activities in the Loch Ryan and detailed a range of investment required to maximise the potential of the Loch for sailing and marine tourism. This included initial public realm projects which have been delivered by the Council. The key investment now required is to provide the infrastructure from which to grow the scale of the marina. This is the provision of a new breakwater and additional pontoons (and associated on shore facilities) at an indicative cost of £3.8m.

### East Pier Regeneration

The Stranraer Waterfront and East Pier Design Brief has been developed to guide the regeneration of the 17ha former terminal site on the East Pier in Stranraer. This based on a mixed use approach which will include retail, commercial leisure, housing and new business and employment space. The majority of site is owned Stena Line UK with associated Council land also part of the development site. The regeneration is being progressed under the terms of the Memorandum of Understanding (MOU) between the two parties. The MOU sets out the intentions of the Parties to work collaboratively and transparently for their respective interests to regenerate the Stranraer Waterfront and create wider positive regenerative impacts in the town. To support this a marketing strategy has been

developed and agreed which aims to generate interest capable of fulfilling the masterplan aims and test the level of demand and commercial opportunities. This market testing process will be carried out by the end of June 2014 with a view to securing a lead developer by the end of October 2014.

The Design Brief and an initial review of services into the site have identified the potential need for public sector investment in infrastructure to facilitate development of the site through private sector development. This is essentially forming new access into the site(s) ensuring linkages to the town centre and marina along the wider waterfront and upgrading core services and utilities. This would be on the basis of initial investment being recouped from the private sector in due course through developer reimbursements and clawback arrangements.

	Resource	Lead (Support)	Target (activity/output)	Timescale	Outcome Measured by:	Benefits Realised: EDS Outcome (to 2023) Measured by:
<b>Project 4A – Stranraer Marina</b>						
Marina Infrastructure	Initial estimate - £3.8m	DGC/SE/Crown Estates	Development of Business Case  Design and delivery of additional breakwater  Phased expansion of 180 additional marina berths / pontoons	September 2016	Creation of high quality marina and marine leisure base.  Investment in essential marine infrastructure  Measured by: - No. of Marina Users - No. of new businesses - Jobs created - Increased visitor spend	The economic development potential of the Stranraer and Loch Ryan is maximised.  Creation of high quality marina and marine leisure base  Increased visitors to the South West of Dumfries & Galloway.  Growth in tourism and marine related jobs and businesses.
<b>Project 4B – East Pier Redevelopment</b>						
Site Servicing	Initial estimate -	DGC/SE/Private Sector	Improved access to the site.	September 2015	Redevelopment of a former industrial site	The economic development potential of the Stranraer and Loch Ryan is maximised.

	Resource	Lead (Support)	Target (activity/output)	Timescale	Outcome Measured by:	Benefits Realised: EDS Outcome (to 2023) Measured by:
	£2m		Improved physical linkages to the town centre and marina  Provision of essential services		Inward Investment.  Measured by: <ul style="list-style-type: none"> <li>- Number of new business start ups</li> <li>- GVA/ jobs created.</li> <li>- Level of private sector leverage £</li> </ul>	Increased visitors to the South West of Dumfries & Galloway.  Physical regeneration of a former industrial site to provide growth in local jobs and businesses for the Stranraer and south west of Dumfries & Galloway.

## Next Steps -

- Another workshop will be held between D&G and SE to work out the delivery of the vision.

## Related Strategic Initiatives

### South of Scotland Action Plan

#### *Encouraging private sector growth from the public sector investment*

This document has outlined the ambitions the South of Scotland Alliance partners have in terms of developing the regional economy and provided details of the current key development opportunities that will play a major role in helping progress the South of Scotland economy.

Whilst these key projects provide building blocks, there remains additional activity that needs to be undertaken by partners to ensure that businesses in the South of Scotland capitalise on the investment by the public sector.

In particular the Alliance partners will place a particular emphasis on working together to use both the existing resources of partners and new ERDF funding to:

- **Improve rural innovation** by addressing weaknesses in rural businesses engaging with the Scottish Innovation System; Partners will work with key bodies to identify rural businesses with an ambition and potential to grow through increased innovation. Supported by SE, Interface and the SRDP and ERDF, partners will:
  - facilitate knowledge sharing between businesses, and between businesses and academia;
  - facilitate project implementation and successful completion.

*Partners will increase the number of businesses in the South of Scotland accessing innovation support from ..... to .....*

- There is clear evidence from SE evaluation activity that investing in **Leadership development and the ambition** of companies has a significant impact on company performance. Alliance partners will seek to raise the ambitions and business investment in leadership development across the whole business base.

*Partners will increase the number of businesses in the South of Scotland investing in Leadership Development from ..... to .....*

- Companies that are involved in international activities are much more likely to have a higher median GVA. Alliance partners will seek to encourage a significant increase in companies across the South of Scotland considering and investing in the '**internationalisation**' of their activities.

*Partners will increase the number of businesses in the South of Scotland considering and investing in internationalisation from ..... to .....*

- Using existing financial instruments Alliance partners will seek to double the amount of funding available for lending to rural businesses by accessing new ERDF funding.

*Partners will work together to increase the number of businesses going through the 'Growth Pipeline' and 'Account Management' processes in the South of Scotland, making best use of Business Gateway, Scottish Enterprise and EU funding sources.*

Alliance partners will consider how best to drive forward Leadership, Innovation and Internationalisation across the business base in the South of Scotland.