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## **SCOTTISH GOVERNMENT ENTERPRISE AND SKILLS REVIEW - UPDATE**

**Report by Corporate Transformation & Services Director**

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### **SCOTTISH BORDERS COUNCIL**

**22 December 2016**

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

- 1.1 This report provides an update on the outcome of Phase 1 of the Scottish Government's Enterprise and Skills Review and seeks agreement for Council's input to the Phase 2 report. It also provides a linked update on the progress towards a City Region Deal.**
- 1.2 Phase 1 of the Scottish Government's Enterprise and Skills Review has been completed. The Phase 1 report highlighted the intention to create a new vehicle to meet the enterprise and skills needs of the South of Scotland. This will be accountable to a new Scotland-wide statutory board alongside the other enterprise and skills bodies.
- 1.3 In order to guide the development of the new South of Scotland vehicle, Scottish Borders and Dumfries & Galloway Councils have developed a set of Guiding Principles. These have been submitted to Scottish Government as part of the informal discussions that are ongoing with government officials.
- 1.4 Work to develop a response to Phase 2 of the Review is under way, with the Council working closely with Dumfries & Galloway Council and other key stakeholders.

#### **2 RECOMMENDATIONS**

- 2.1 I recommend that Scottish Borders Council:**
  - (a) Notes the positive outcome from Phase 1 of the Scottish Government Enterprise and Skills Review;**
  - (b) Notes the strong collaboration on this issue between Scottish Borders and Dumfries & Galloway Councils;**
  - (c) Agrees the guiding principles which should underpin the establishment of the new enterprise and skills vehicle for the South of Scotland, as detailed in this report at section 4.1;**
  - (d) Asks the Chief Executive to engage with Scottish Government, the South of Scotland Alliance, and other key partners in order to develop a detailed proposal for a South**

**of Scotland enterprise and skills vehicle;**

- (e) Asks the Chief Executive to present progress reports to Council as appropriate.**

### 3 BACKGROUND

- 3.1 The Scottish Government is undertaking an Enterprise and Skills Review. This is described as an end-to-end review to ensure that all of our public agencies are delivering the joined-up support that our young people, universities, colleges, training providers businesses and the workforce need.
- 3.2 Scottish Borders Council agreed a response to the initial Scottish Government consultation at its meeting on 25 August 2016. The basis of the response made the case for a new approach to the delivery enterprise and skills services which would better address the inherent weaknesses in the economy across the Scottish Borders and the wider South of Scotland region. This response was aligned with the response from Dumfries & Galloway Council.
- 3.3 A Phase 1 outcomes report (attached at **Appendix 1**) details actions which the Scottish Government has committed to pursuing as a result of the review. Action 4 states that a new enterprise and skills vehicle will be created for the South of Scotland:
- “NATIONAL AND LOCAL ENTERPRISE AND SKILLS DELIVERY  
4) Recognising the unique challenges faced in the region, we will create a new vehicle to meet the enterprise and skills needs of the South of Scotland. This will be accountable to the new Scotland-wide statutory board alongside our other enterprise and skills bodies”.
- 3.4 Scottish Government has confirmed that a Phase 2 report will be progressed to develop detail on the establishment of a new enterprise and skills vehicle for the South of Scotland. The Government has encouraged Councils, and relevant agencies and stakeholders, to engage in this process.
- 3.5 At its meeting on 4 November 2016, the South of Scotland Alliance agreed to progress discussions with Scottish Government on a collaborative basis. Senior Officers, led by the Chief Executives from both Councils, were tasked with the development of a set of Guiding Principles which should underpin discussions and future thinking on the role and remit of the proposed new enterprise and skills vehicle. Once finalised it was agreed that the outcome from this work should be presented to both Councils for their agreement.

### 4 DRAFT GUIDING PRINCIPLES

- 4.1 The Draft Guiding Principles referenced in 3.5 above are detailed below. These have been developed as a framework which aligns themes of economy, community and environment. This will ensure that future development of a new approach for the South of Scotland is holistic and can achieve the step change in approach which has been signalled by the Scottish Government and promoted by the respective Councils.

#### **Drive Our Economy Forward**

- a. Maximise the contribution that the South of Scotland makes to Scotland’s National Ambition for Inclusive Economic Growth - Deliver

the ambitions and priorities in the national economic strategy and local economic strategies.

- b. Enable the development of a diverse and resilient economy with a strong culture of enterprise and entrepreneurship which will address inequality through economic growth.
- c. Make the South of Scotland a business location of choice through supporting indigenous businesses to innovate, grow and diversify and attracting more businesses to the area.
- d. Simplify and minimise bureaucracy to enable efficient operation and make it easy for businesses and communities.

#### **Sustaining and Growing Our Communities**

- e. Community Planning in Action; regional decisions being made by regional leaders to address regional priorities, involving business people and elected members.
- f. Integrate economic development and community regeneration responsibilities to ensure a strong focus on strengthening communities, local empowerment and place making.
- g. Drive public, private and community collaboration in new ways to foster innovative solutions to long-standing challenges.

#### **Capitalising On Our People and Resources**

- h. Ensure that our businesses, workforce and communities are provided with the skills they need to ensure an inclusive and prosperous future.
  - i. Promote and take advantage of the region's natural and environmental assets and resources.
  - j. Build on the strengths of the existing Community Planning Partnership structures by aligning Local Outcome Improvement Plans and existing resources to meet regional priorities.
  - k. Maximise the investment brought into the South of Scotland from government and the private sector.
- 4.2 National agencies and local stakeholders have a crucial role to play in shaping and delivering the new approach. To achieve this it is intended that Council officers work with Scottish Government to agree a process and timeline for the conclusion of the Phase 2 report. This will include a proposal to establish a Reference Group which will provide a forum to manage this wider engagement effectively.
- 4.3 At the recent South of Scotland Alliance (SoSA) meeting with the Deputy First Minister John Swinney MSP, the Enterprise and Skills Review was discussed. The Deputy First Minister confirmed that South of Scotland Alliance officers would be closely involved in this work.

- 4.4 It is recognised that the timing and process for the Phase 2 report to be completed is not fully clear, but is likely to be within the next 6 months. This will require the Council to fully engage in the process as a priority at a time when the preparations and process of the 2017 Local Government election is underway.
- 4.5 In order that the Council can contribute effectively to the Phase 2 report outcomes during this period it is recommended that the Chief Executive be asked to engage with Scottish Government, the South of Scotland Alliance, Community Planning Partnership partners and wider stakeholders in order to develop a detailed proposal for a South of Scotland enterprise vehicle. The outcome will then be reported to Council at the earliest opportunity for consideration by Members.

## **5 CITY REGION DEAL - UPDATE**

- 5.1 Work continues to progress the City Region Deal. The Chancellor confirmed the commitment of the UK Government in his Autumn statement and subsequently officers attended a joint UK and Scottish Government Meeting to discuss next steps and progress to date. A series of detailed workshops on each theme of the Deal are taking place in December and further work on individual projects is likely following these discussions
- 5.2 Whilst the proposals in respect of the South of Scotland bring a new focus for economic activity there should continue to be a strong focus on maximising the economic potential of the Borders railway and in that context the City Deal is likely to be important. It may well be that matters pertaining to skills would better be addressed through the proposed South of Scotland vehicle but no immediate decision is necessary and the Council should ensure that it carefully evaluates each option before making any decision on the best way to progress. Officers will provide further update on the City Deal as information becomes available.

## **6 IMPLICATIONS**

### **Financial**

- 6.1 There are no costs attached to any of the recommendations contained in this report. The input to the Phase 2 work will require significant officer time, but at this time it is expected that this will be covered by existing resources. It is expected that additional resources will be required to help support the establishment of the new vehicle, but the scale of that input will only be clarified once the structure and form of the new vehicle has been agreed.

### **Risk and Mitigations**

- 6.2 The Scottish Government's Review of Enterprise and Skills Services has significant implications for the future economic development of the Scottish Borders. It is important that the Council continues to work closely with Scottish Government and other partners to influence the Review process to deliver the best outcome for the Scottish Borders and the South of Scotland.

### **Equalities**

- 6.3 There is no need for an Equalities Impact Assessment as this report is concerned with providing evidence to a Review process.

### **Acting Sustainably**

- 6.4 There are no direct sustainability implications arising from this consultation response.

### **Carbon Management**

- 6.5 There are no effects on carbon emissions.

### **Rural Proofing**

- 6.6 Rural Proofing is not required as the proposal does not relate to new or amended Council policy or strategy. The need to support the economic development of rural areas is an important part of the Council's input to the Review.

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

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

## **7 CONSULTATION**

- 7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted and their comments will be incorporated into the final report.

### **Approved by**

**Rob Dickson**  
**Corporate Transformation**  
**and Services Director**

**Signature .....**

### **Author(s)**

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**Background Papers: None**

**Previous Minute Reference: Executive Committee, 1 November 2016**

**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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