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## **SOUTH OF SCOTLAND ENTERPRISE BILL – PARLIAMENTARY CONSULTATION RESPONSE**

**Report by Executive Director**

**SCOTTISH BORDERS COUNCIL**

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**20 December 2018**

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### **1 PURPOSE AND SUMMARY**

- 1.1 The purpose of this Report is to agree the Council’s response to the Scottish Parliament’s call for views on the recently introduced South of Scotland Enterprise Bill.**
- 1.2 The South of Scotland Enterprise Bill was introduced in the Scottish Parliament on 24 October 2018 with the aim of ensuring that the new Agency is operational by 1 April 2020, subject to Parliamentary approval. The consultation on the Bill will close on 7 January 2019. Given the importance of the call for views to the Scottish Borders, it is vital that Scottish Borders Council submits a considered and comprehensive response before that deadline.
- 1.3 As part of Stage 1 of the Bill process the Council has been called to give evidence and Cllr Rowley, Executive Member for Business and Economic Development, will give evidence on behalf of the Council at a Parliamentary Committee meeting on 14 January 2019. It is recommended that Appendix 2 is submitted to the Scottish Parliament as the formal response from Scottish Borders Council, subject to final agreement after discussions with South of Scotland Alliance partners.

### **2 RECOMMENDATIONS**

- 2.1 I recommend that Scottish Borders Council:**
- (a) Notes the significant progress being made in moving towards the establishment of the South of Scotland Enterprise Agency;**
  - (b) Agrees that the draft response set out in Appendix 2 is submitted to the Scottish Parliament as the Council’s formal response to the call for views on the South of Scotland Enterprise Bill;**
  - (c) Delegates responsibility for finalising the call for views submission to the Chief Executive, in consultation with the Leader, the Executive Member for Business and Economic Development and the Leader of the Opposition, and subject to further detailed discussions with South of Scotland Alliance partners; and**
  - (d) Delegates responsibility for agreeing the response to the Finance and Constitution Committee’s call for views to the Chief Executive, in consultation with the Leader, the Executive Member for Business and Economic Development and the Leader of the Opposition, and subject to further detailed discussions with South of Scotland Alliance partners.**

### **3 BACKGROUND**

- 3.1 In 2016 Scottish Government launched an Enterprise and Skills Review with the aim of ensuring public agencies deliver the joined-up support that young people, universities, colleges, training providers, businesses and the workforce needs across Scotland. As part 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.
- 3.2 The new Agency will offer a once in a generation opportunity with the potential to significantly 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 that it will closely align its work with Scottish Enterprise, Skills Development Scotland, Scottish Funding Council and VisitScotland.
- 3.3 The Scottish Government's Programme for Government 2018/19 confirmed that the legislation to establish the South of Scotland Enterprise Agency would be introduced to Parliament this year, and the South of Scotland Enterprise Bill was introduced in the Scottish Parliament on 24 October 2018. A copy of the Bill as introduced is attached at Appendix 1. Whilst subject to the necessary Scottish Parliamentary process, the aim is to ensure that the new Agency is operational by 1 April 2020.

### **4 PARLIAMENTARY BILL CONSULTATION**

- 4.1 The South of Scotland Enterprise Bill is to be scrutinised by the Rural Economy and Connectivity Committee; they will look at the overall principles of the Bill. There are a number of stages in the legislative process for the Bill, with Stage 1 of the Parliamentary process already commenced. During Stage 1, the Committee will take evidence from a range of organisations and other stakeholders. A vote in Parliament will conclude Stage 1 and agree the overall principles. At Stage 2, line by line scrutiny is carried out and it is open to amendments. Stage 3 involves further continued scrutiny, before a final vote is held in the Parliament to pass the Bill.
- 4.2 As part of Stage 1 the Council have been called to give evidence. As agreed by Executive Committee on 6 November 2018, Cllr Rowley, Executive Member for Business and Economic Development, will take the lead role in giving evidence for the Council. The Council representative will give evidence to the Rural Economy and Connectivity Committee on 14 January 2019, at a meeting in Dumfries.
- 4.3 The Rural Economy and Connectivity Committee launched its call for views on the establishment of a new agency in November 2018. This invites responses, by 7 January 2019, on the following questions:
  1. Do you agree that a south of Scotland enterprise agency should be created?
  2. Do you agree with the proposals for the body's constitution, purposes, powers and duties? If you do not agree with the proposals, please set out specifically what you would like to change.
  3. Is there anything else that should be included or excluded from the Bill?

- 4.4 The Bill establishes South of Scotland Enterprise as the new economic development agency for the South of Scotland. It is high level and enabling, setting out general aims and powers. It includes a range of general provisions required to establish a new public body. The Bill has been informed by the consultations undertaken by Scottish Government earlier in 2018.
- 4.5 The Bill has a general provision to further the economic and social development, and improve the amenity and environment of the south of Scotland. It ensures that the new body can promote fair work and inclusive growth in all its endeavours. The three overarching aims that the Bill sets out are welcomed. These aims are:
- Support a diverse and resilient economy
  - Sustain and grow communities
  - Harness the potential of people and resources
- 4.6 The Bill also sets out provisions to establish the new body. This includes considering appointments and staffing; operational matters; accountability and Governance; the definition of South of Scotland; Ministerial powers; and Public Bodies Legislation. A linked Financial Memorandum has also been published as part of the Bill documentation. This sets out the best estimates of costs and timescales; expected one-off and recurring costs; and an approach for overall funding allocation. A draft response to the call for views has been prepared in response to the details set out in the Bill and this is presented in Appendix 2.
- 4.7 It should be noted that there is a developing discussion with Dumfries & Galloway Council, through the South of Scotland Alliance, about the final details of the South of Scotland Alliance response. It is important at this stage in the development of the new Agency that the Council's and the Alliance's responses are closely aligned. There are some details that need further discussion, particularly around the make-up of the Agency's Board; the potential for involvement of Elected Members in the Board; and the most effective way for the Councils to influence the strategic direction of the Agency in the future.
- 4.8 Officers have considered the options for the Council's future relationship with the new Agency and an assessment of the positive and negative aspects of those options is set out in Appendix 3. Officers consider that the strongest and most effective relationship with the new Agency would be based on a strengthened role for the South of Scotland Alliance. It may be possible for the Alliance to take on a form that reflects, but improves upon, the Convention of the Highlands & Islands.
- 4.9 The deadline for responses to the call for views is 7 January 2019. It is recommended that Appendix 2 is submitted to Scottish Government as the formal consultation response from Scottish Borders Council, subject to final agreement after discussions with South of Scotland Alliance partners. It is recommended that the Council delegates responsibility for finalising the submission to the Chief Executive, in consultation with the Leader, the Executive Member for Business and Economic Development and the Leader of the Opposition. It is intended that the South of Scotland Alliance will also make a formal response to the consultation.

- 4.1 The Council also received a call for views from the Finance and Constitution Committee on the Financial Memorandum that accompanies the Bill. As this call for views was only received by the Council on 11 December 2018, it has not been possible to prepare an appropriate draft response. The call for views also comes with a tight deadline of 6 January 2019. Given the exceptionally short timeframe, it is recommended that the Council delegates responsibility for agreeing the response to the Finance and Constitution Committee's call for views to the Chief Executive, in consultation with the Leader, the Executive Member for Business and Economic Development and the Leader of the Opposition, and subject to further detailed discussions with South of Scotland Alliance partners.

## **5 IMPLICATIONS**

### **5.1 Financial**

No costs directly attach to the recommendations contained in this report. The Bill is accompanied by a Financial Memorandum that sets out potential costs as well as the scale of resources required to properly operate the Agency and ensure that it delivers significant economic impacts in the South of Scotland. The scale of resources identified in the Financial Memorandum is based on a similar level of resourcing to that of Highland & Islands Enterprise. If this level of resourcing was secured for the new Agency, it will be able to have a significant positive impact on the economy in the South of Scotland.

### **5.2 Risk and Mitigations**

The Council's response to the call for views ensures that the Council's vision for the new Enterprise Agency is publicly communicated, helping to inform future direction and ensure that the benefits for the Scottish Borders are realised. This mitigates the risk that the direction does not benefit the Scottish Borders as much as it could. Though the exact nature and extent of Council support is yet to be determined, the partnership between the Agency and Council and the alignment of their objectives is expected to fully validate the contributions that the Council will be expected and eager to make to delivery of common objectives.

### **5.3 Equalities**

There is no requirement for an Equalities Impact Assessment as the report relates to a consultation response. However, it should be noted that the express purpose of the Agency to drive inclusive growth means driving economic growth, and creating opportunities for all. The Agency will be expected to develop a robust equalities policy of its own which delivers against the general duty placed on it by the Equality Act 2010.

### **5.4 Acting Sustainably**

The Agency is expected to have positive transformative economic, social and environmental effects on the South of Scotland and the Scottish Borders. It is important that the Agency's approach and operations are governed by principles which support positive community and environmental outcomes. It is expected that the Agency will become a relevant authority under Schedule 3 of the Community Empowerment (Scotland) Act 2015 and under the Fairer Scotland Duty Interim Guidance. The Agency should also be governed by principles of Sustainable Development, such as the UN Sustainable Development Goals.

## 5.5 Carbon Management

No effects on carbon emissions flow directly from this Report. However, it is expected that the activities of the Agency will have an impact on carbon emissions. Accordingly, it is essential that the Agency's activities and its support of the activities of others are guided by principles of Sustainable Development, as noted above.

## 5.6 Rural Proofing

The proposed creation of the Agency is an acknowledgement of the challenges in providing equality of access and opportunity in rural areas. It is important that the Agency consistently assesses the effects of its policies and activities on rural areas and inhabitants. This can be achieved by ensuring that rural proofing is embedded within the Agency's own Equality Impact Assessment process.

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

No changes to the Scheme of Administration or the Scheme of Delegation are required to be made as a result of the proposals in this Report.

# 6 CONSULTATION

- 6.1 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 are being consulted and their comments will be reported verbally at the Council meeting.

### Approved by

**Rob Dickson**  
**Executive Director**

**Signature .....**

### Author(s)

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### Background Papers:

**Previous Minute Reference:** Scottish Borders Council, 31 May 2018

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

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