

## **Appendix 2 – Response to call for views**

### **Scottish Borders Council**

#### **South of Scotland Enterprise Bill - Evidence to the Rural Economy and Connectivity Committee**

##### **1. Do you agree that a South of Scotland Enterprise Agency should be created?**

- 1.1. Scottish Borders Council strongly supports the creation of the South of Scotland Enterprise Agency. The Council, together with South of Scotland Alliance, has driven the agenda in order to deliver a new way of supporting the economy in the South of Scotland.
- 1.2. The Local Authorities, Skills Development Scotland and the colleges and universities—all do excellent work in trying to drive economic development and growth. The significance of the new agency is that it connects these efforts, providing structure, focus and momentum, augmenting the efforts of local partners in a way which promises to be truly transformative. Over recent decades, the South of Scotland region has missed the focal point that an agency such as HIE brings. The Bill brings the prospect of the Agency into being, but one, importantly, 'built in and for' the South of Scotland. Additionally, it provides a critical and much needed focus and capacity to work with businesses to understand business needs and provide responsive and tailored support. Similarly, it provides the framework and support to drive inclusive economic growth within the communities of the South of Scotland.
- 1.3. Simply put, Scottish Borders Council believes that the new Agency will be instrumental in fulfilling its ambition for the South of Scotland to be transformed into one of the most vibrant rural economies in Europe. This means a strong, diversified, sustainable economy, built upon cohesive and enterprising communities, rich in economic and social opportunity, where a varied and skilled workforce enjoys pay and conditions commensurate with the best in Scotland. Entrepreneurship and innovation should be commonplace, with young people confidently looking forward to high quality educational, training and employment prospects as stepping stones to realising their full potential in the South of Scotland. The region needs to increase its economic output and the wealth retained within the area; and in looking outward, to maximise the contribution it makes to Scotland's National Ambition for Inclusive Economic Growth.
- 1.4. South of Scotland Enterprise is needed to assist in meeting the significant economic challenges of the South of Scotland which include:

- a) A land area comprising one seventh of Scotland's total land area with, 24 people per km<sup>2</sup>, the most sparsely populated area outside of the Highlands & Islands (2018)<sup>1</sup>
- b) Low wealth creation (Gross Value Added (GVA) per head in the South of Scotland is £18,977 equating to 76.5% of the national average (£24,800 for Scotland (ONS - 2016))<sup>2</sup>
- c) Low Average Weekly Wages – the median weekly wage for all workers in the South of Scotland is roughly £475.2 (£482.8 in SB and £469.7 in D&G – 30<sup>th</sup> and 32<sup>nd</sup> respectively amongst Local Authorities across Scotland). This is significantly below the national median of £563.2. (2018)<sup>3</sup>
- d) Out-migration of young people and shrinking workforce - in 2017 the proportion of people of working age 16-64 was 58% in the South of Scotland compared to 64% for Scotland.<sup>4</sup>
- e) Relatively high proportions of its workforce in :
  - Agriculture and fishing – 9% in the South while its 1.7% nationally
  - Manufacturing – 10.3 % in the South, while its 7.8% nationally (2017)<sup>5</sup>
- f) Relatively low proportions in growth sectors such as:
  - Banking, Finance and Insurance – 12.9% in the South while it is 15.8% nationally (2017)<sup>6</sup>
- g) Significant connectivity issues in relation to transport and digital infrastructure – Scottish Index of Multiple Deprivation (SiMD) data shows that the South of Scotland (SoS) is particularly Access Deprived, with 37% of SoS data zones, in Scotland's 20% most access deprived.<sup>7</sup>

1.5. South of Scotland Enterprise will be critical in providing the relentless emphasis on geography and place needed to provide a step change in the economic development of the South of Scotland. This recognises that inclusive economic growth can only be generated within the towns and rural communities of the South of Scotland through a new approach. The challenges are different here, the economy is different and, as Scottish

---

<sup>1</sup> National Records of Scotland (2018), Mid-2017 population estimates, <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/mid-year-population-estimates/mid-2017>

<sup>2</sup> ONS (2017), Regional GVA (balanced approach), <https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalregionalgrossvalueaddedbalancedpheadandincomecomponents>

<sup>3</sup> Annual Survey of Hours and Earnings (2018), Gross Weekly Pay – Workplace Analysis, accessed through <http://www.nomisweb.co.uk>

<sup>4</sup> National Records of Scotland (2018), mid-2017 population estimates

<sup>5</sup> Annual Population Survey (2017), Industry of Employment, accessed through <http://www.nomisweb.co.uk>

<sup>6</sup> Ibid

<sup>7</sup> Scottish Government (2016) SiMD – Access to Services Deprivation, [http://www.gov.scot/Topics/Statistics/SiMD?utm\\_source=website&utm\\_medium=navigation&utm\\_campaign=statistics-evaluation-tools](http://www.gov.scot/Topics/Statistics/SiMD?utm_source=website&utm_medium=navigation&utm_campaign=statistics-evaluation-tools)

Government's creation of the Agency attests, specific challenges necessitate particular solutions.

**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.**

- 2.1. The proposals for the South of Scotland Enterprise Agency's constitution, purposes, powers and duties accord very closely with Scottish Borders Council's response to the Scottish Government's consultation on the South of Scotland Enterprise Agency, submitted to Scottish Government in June 2018.

Looking at each section of the Bill:

***Establishment (Paragraphs 1, 2, 3 and 4)***

- 2.2. The Bill establishes the new South of Scotland Enterprise Agency (SOSE) in a manner which is in line with both Scottish Enterprise and Highlands & Islands Enterprise. This is supported by the Council.
- 2.3. The board and its constitution follows best practice for public agencies of its size and composition. Consistent with the approach used for all Government Executive Bodies, we recognise that Board appointments to SOSE will be managed in accordance of the Public Appointments and Public Bodies etc. (Scotland) Act 2003, and the Code of Practice which is produced by the Commissioner for Ethical Standards in Public Life in Scotland. This will ensure that high quality individuals are appointed to the Board in an open and transparent manner.
- 2.4. Out with the legislative framework, Scottish Borders Council asserts there is a need for a strong and effective working relationship between the Agency and the South of Scotland local authorities. It will be crucial that there is joint strategic planning to secure shared economic outcomes. We have continued to develop our thinking as a Council, and as per our original consultation response, we are ever more strongly of the view that the South of Scotland Alliance should be the pivotal interface with the new Agency in future.
- 2.5. The Alliance is considering how to further develop its make-up and remit to create an even stronger voice for the South of Scotland and a body that could act in future, with the requisite additional membership, as a Regional Economic Partnership for the South of Scotland. This might stand in relation to the new Agency as the Highlands & Islands Convention stands in relation to HIE. The Alliance would continue to provide a discussion forum and vehicle for political advocacy in respect of shared challenges and opportunities, while also facilitating dialogue with others, including the Agency.
- 2.6. In order to recognise the importance of the strategic leadership and local democracy roles that Local Authorities fulfil in the South of Scotland, there should also be very strong links between the Leaders and Chief Executives of the Councils with the Chief Executive of the new Agency.

However, the key formal interaction should be with the South of Scotland Alliance, acting as a Convention of the South of Scotland, or similar entity.

### ***Aims and Powers (Paragraphs 5, 6, 7)***

- 2.7. The Council welcomes the loose broad definition of the aims in the Draft Bill. We believe that this approach will provide maximum flexibility for SOSE to design and implement interventions in achieving its aims. Over time, and as expertise is established in the new agency, SOSE will be well placed to develop new interventions which will help to deliver the economic and social development of the South of Scotland. In this context we believe that the Draft Bill is suitably empowering.
- 2.8. The Council strongly supports the more specific aims listed in relation to the three intervention areas of the Agency i.e. Drive forward the economy; b) Sustain communities; and c) Capitalise on people and resources.
- 2.9. The Action Plan proposed is in line with the requirements of other Government Agencies and is critical to the forward planning and setting of milestones to drive the ambitions and performance of the Agency.
- 2.10. Finally, the general powers reinforce the necessary flexibility for the Agency to respond to the diverse and particular economic needs of the South of Scotland. The borrowing restriction which is placed on the new Agency is something which the Council believes is valid. It is entirely consistent with the arrangements for both Highlands & Islands Enterprise and Scottish Enterprise, and we believe it is right and proper that the same arrangements be put in place for SOSE. Additionally the Draft Bill makes provision for the new agency to charge for services. Whilst it is absolutely desirable for the majority of its services to be provided free of charge, it is sensible that this provision is made.

### ***Operational Matters (Paragraphs 8,9,10, and 11)***

- 2.11. Scottish Borders Council is supportive of the proposals made in relation to Headquarters for the South of Scotland Enterprise Agency. It is important that the organisation is rooted in the South of Scotland and accessible and responsive to every part of the region.
- 2.12. The Council's views on the Headquarters of the Agency are that there will be a need for a registered headquarters for legal purposes, but this issue and the location of offices are operational matters to be determined by those charged with the delivery of the Agency's remit.
- 2.13. Unlike the Highlands & Islands, the South of Scotland has no natural 'capital' acting as a hub for the entire area and there is no obvious candidate for a head office location. Consequently, we believe that the Agency needs to resist the location of a main site in one part of the South of Scotland. This would alienate stakeholders and potentially create tension between the Agency and other parts of the South of Scotland.

- 2.14. Much more important is how the Agency ensures that its presence reaches across and into every part of the South of Scotland and is delivered where, when and how best suits the end user. Staff should be embedded in local communities throughout the region, while fully mobile and ready to respond to the needs of businesses, communities and stakeholders wherever they may be based in the South of Scotland.
- 2.15. Additionally, the Agency's office needs should be delivered in a manner which makes best use of public resources, ensuring that as much of the budget can be spent on delivering the real change which is needed in the South of Scotland. Co-location within existing public sector agencies and local authority premises promises the best way of achieving this. Furthermore, co-location provides an opportunity to ensure maximum alignment with public sector partners, and should ensure a seamless and integrated service is delivered to clients by keeping the majority of services 'under the one roof'. There may also be opportunities for co-location with community facilities and other local bases, and this should form part of the Agency's assessment of location options. This will help to embed the Agency in communities across the South of Scotland and will also provide opportunities to innovate and consider alternative local delivery models.
- 2.16. The proposals for committees, regulation of procedure, authority to perform duties and the validity of getting things done are supported as they will lead to the efficient and effective running of the organisation.

#### ***Accountability (Paragraphs 13 and 14)***

- 2.17. The proposals for Accounts and Audit and the Annual Report are in line with what would be expected of an Agency of this type.

#### ***Ministerial Powers (Paragraphs 15 and 16)***

- 2.18. The proposals for Ministerial Powers are in line with what would be expected of an Agency of this kind.

#### ***Transfers from Scottish Enterprise (Paragraph 17)***

- 2.19. The transfer of properties and liabilities from Scottish Enterprise is a necessary part of establishing the new Agency. It is expected that all of the economic development assets held by Scottish Enterprise are efficiently transferred to the new Agency to enable its transition to full operational capacity. Careful consideration needs to be given to any asset disposal, and the use of associated capital receipts, in the period before the transfer is made. Common understanding and effective operations are required to ensure effective use of Scottish Enterprise assets in the South of Scotland prior to the establishment of the Agency.

### **Interpretation (Paragraph 18)**

- 2.20. Scottish Borders Council strongly agrees that the South of Scotland means the Local Authority areas of Dumfries and Galloway Council and Scottish Borders Council. The two Councils, and the South of Scotland Alliance, have argued strongly for many years that the economic challenges facing this part of southern Scotland are comparable to those facing the Highlands and Islands.
- 2.21. Clarity for partners, communities, businesses and other stakeholders is essential. Moreover, the area defined has a particular combination of shared challenges and history of partnership in responding to economic challenges. There is a concern that to extend the geographic scope more broadly may alter the proposed character and focus of the Agency upon a distinctive rural region, acknowledging that this is the underpinning rationale for the proposed Agency.

### **Final Provisions (Paragraphs 19, 20, 21 and 22)**

- 2.22. Scottish Borders Council is in agreement with Ancillary provision, Regulation-making powers, Commencement and Short Title.

### **3. Is there anything else that should be included or excluded from the Bill?**

- 3.1. As previously noted, the proposals set out within the Bill strongly accord with the core elements of Scottish Borders Council's response to the Scottish Government's consultation paper on the South of Scotland Enterprise Agency.
- 3.2. However, there are some issues which have been highlighted in both the Scottish Government and South of Scotland Economic Partnership consultation exercises, which the Council would wish the new Agency to take forward once it is established. This is not to suggest that they need to be written into the legislation, but the new Agency, Scottish Government and other stakeholders need to be cognisant of them.
- 3.3. The first of these is leadership and advocacy for the South of Scotland within Government. This was highlighted in the assessment of responses to the Scottish Government's consultation as noted below.

*"Advocacy for South of Scotland at a national level: The Agency should be a voice for the South of Scotland at a Scottish and UK Government level. It was expressed that the Agency should play a role in negotiating grant provision for the region on a national level."*

*"Respondents felt that the Agency should advocate for the South of Scotland in Scottish Government decision-making, for example around transport infrastructure."*

- 3.4. The Council is of the view that there are issues relating to the South of Scotland where SOSE will need to, and should be expected to, take a

more pro-active role than may have been envisaged previously. The clearest example of this highlighted in the consultation is Transport and Transport Infrastructure. This is a significant challenge in the South, and it will be important for SOSE to work with Transport Scotland to identify specific challenges and to contribute to responses. Furthermore, the transport agenda is precisely the kind of issue upon which SOSE should take a proactive role in promoting the case for the South of Scotland.

- 3.5. Another significant issue highlighted in consultation responses is that of stakeholder engagement and consultation – particularly at regional and local levels. Whilst the South will be influenced by the new Agency, the new Agency also should be influenced by the South. As part of that we would be keen to ensure that SOSE is active in its engagement with local partners, particularly in developing its strategy and action plan. The model of engagement in the Highlands & Islands may provide a starting point in developing a structure which allows this collaborative partnership exercise to take place.
- 3.6. Another important component of this is young people, which was one of the key issues highlighted in the consultation exercise. There is a significant challenge in relation to a brain drain of young people leaving the area, either to pursue educational or career opportunities. This is a challenge that has begun to be tackled in the Highlands & Islands and it is clear that more also needs to be done to provide better opportunities for young people in the South. In order to do that, and have that focus, there will need to be a new process to consult with young people. It was suggested in the consultation documents that having a young person on the board may be appropriate, and while this may be a positive step, we are of the opinion that a wider consultative structure would need to be developed to supplement this.

Scottish Borders Council

20 December 2018