
SOUTH OF SCOTLAND ENTERPRISE AGENCY - UPDATE

Report by Executive Director
EXECUTIVE COMMITTEE

16 April 2019

1 PURPOSE AND SUMMARY

- 1.1 This report updates Members on the progress being made by the South of Scotland Economic Partnership in supporting projects across the South of Scotland. The report also provides an update on the progress at the Scottish Parliament of the South of Scotland Enterprise Bill.**
- 1.2 In order to prepare for the South of Scotland Enterprise Agency, the Scottish Government has set up the South of Scotland Economic Partnership (SoSEP) as an interim solution to ensure that the South of Scotland benefits from a new approach to economic development as soon as possible. The South of Scotland Enterprise (SOSE) 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.
- 1.3 The Bill is being scrutinised by the Rural Economy and Connectivity Committee (RECC). During Stage 1, the Committee took evidence from the Council and a range of other stakeholders. The RECC published its Stage 1 report on the SOSE Bill on 4 March 2019 recognising the unique circumstances of the South of Scotland and the need for a new body to support the enterprise and skills needs of the area. Stage 1 concluded with a debate which took place on 26 March 2019, when the Parliament unanimously agreed to the general principles of the South of Scotland Enterprise Bill.

2 RECOMMENDATIONS

- 2.1 I recommend that the Executive Committee:-**
 - (a) Notes the progress made to date in securing funding for key South of Scotland and Scottish Borders projects, as set out in Appendix 1;**
 - (b) Agrees that officers continue to work jointly with Dumfries & Galloway Council, and other partners, to develop projects and deliver key actions through SoSEP;**
 - (c) Notes the successful completion of Stage 1 of the South of Scotland Enterprise Bill and agrees to monitor further stages of the Bill and input as appropriate; and**
 - (d) Agrees to receive further reports on the South of Scotland Economic Partnership and the SOSE Bill as work progresses.**

3 BACKGROUND

- 3.1 As part of the Enterprise and Skills Review, the Scottish Government committed to creating the new South of Scotland Enterprise (SOSE) agency covering the Scottish Borders and Dumfries and Galloway. The new Agency offers a once in a generation opportunity for economic development investment and action. It is intended that this new Agency will operate in a similar way to Highlands and Islands Enterprise (HIE) and that it will align its work with Scottish Enterprise, Skills Development Scotland, Scottish Funding Council and VisitScotland.
- 3.2 The South of Scotland Enterprise (SOSE) Bill was introduced in the Scottish Parliament on 24 October 2018. Whilst subject to the necessary Scottish Parliamentary process, the aim is to ensure that the new Agency is operational by 1 April 2020.
- 3.3 In view of the time required to complete the statutory processes to establish the new Agency, the Scottish Government set up the South of Scotland Economic Partnership (SoSEP) as an interim solution to ensure that the South of Scotland benefits from a new approach to economic development as soon as possible. SoSEP involves representatives from business, the third sector, further and higher education, as well as key public sector partners. It is chaired by Professor Russel Griggs.

4 SOUTH OF SCOTLAND ECONOMIC PARTNERSHIP PROGRESS

- 4.1 The Scottish Government established SoSEP to take a new approach to inclusive growth in the short term and to prepare the ground for the new South of Scotland Enterprise Agency. The Memorandum of Understanding that underpins SoSEP identifies the purpose of the Partnership as being threefold.
- 4.2 Firstly, it will develop and deliver a clear and prioritised work programme, aligning existing activity, driving progress and piloting new approaches to benefit the South. Secondly, it will deliver a strong programme of engagement with stakeholders across the South of Scotland, including business, to ensure that they influence the work programme and can inform the proposals for the new Agency. Finally, it will influence the design of the new Agency, offering views to the Scottish Government on the structure and functions of the new Agency, assessing what has worked and engaging with stakeholders to ensure the Agency is responsive to, and informed by, the needs of the area.
- 4.3 A key benefit of this interim work is to allow the partners to bring forward and test new ideas, programmes and projects which will be fed into the work to establish the new Agency once the Parliamentary process is complete. To ensure progress, the Scottish Government has made £13.3M available in the 2019/20 financial year to continue the work of the South of Scotland Economic Partnership.
- 4.4 In addressing the first purpose the Partnership agreed a prioritised Work Plan that is structured around eight themes:
 1. Governance and data
 2. Communities
 3. Food Production, Forestry and Land Management

4. Education and Skills
 5. Key Sectors
 6. Business Support
 7. Infrastructure
 8. Arts & Culture
- 4.5 These themes are also the basis for a series of Theme Groups which are undertaking work to establish what the future priorities and forms of delivery might be in each theme area.
- 4.6 The Partnership has sought proposals from across the South of Scotland on how its resources might best be used. The proposals that have come forward have been wide ranging in their scope and in the scale of funding being sought. The Partnership has established a process and clear criteria for assessing and assisting in the development of the proposals to ensure a clear recommendation can be made to the Scottish Government on whether or not to fund a proposal. Appendix 1 summarises the projects supported to date.
- 4.7 In the Scottish Borders, the Centre for Textiles Excellence that has been approved for Hawick is now well under way, using a space on the Hawick High School campus. The aim of the new training centre is to tackle a critical skills shortage hampering textiles companies' efforts to boost their production and productivity. It will support the local textiles industry, helping businesses to develop young people with the right skills for the sector, and helping people of all ages to retrain to enter the sector. The project has been a close partnership with the textile team at Scottish Enterprise and Skills Development Scotland, led by Scottish Borders Council. Local textiles businesses are supportive and are keen to ensure the project is a success.
- 4.8 Newcastleton and District Community Trust has been supported to undertake a well thought out feasibility study on the commercial and economic viability of a community-owned bunkhouse at Tweedenhead, Newcastleton. This has the potential to have a positive economic impact in that remote rural area. The £6.6m funding for the two College's South of Scotland Skills and Learning Network project will also have a positive impact in the Scottish Borders, improving access to further education and skills development. Match-funding for community projects in Peebles, Newlands and Tweedsmuir has also been delivered, helping to support the Scottish Government's 'Strengthening Communities' programme.
- 4.9 The combination of the Work Plan, the work of the Theme Groups and the funded projects is establishing a wide area of interest for SoSEP. This will allow a significant contribution to be made to the purpose of the Partnership in addition to working to influence the design of the new Agency and helping the Scottish Government as it takes forward its work around the Parliamentary Bill.

5 STAKEHOLDER ENGAGEMENT

- 5.1 As part of addressing the second purpose of the Partnership, to deliver a strong programme of engagement with stakeholders across the South of Scotland, SoSEP is continuing to engage with businesses and communities across the region. The Government recently worked alongside the Southern Uplands Partnership and SoSEP to deliver two community engagement events to discuss the challenges and opportunities for community enterprise in the South. Events were held in Galashiels and Kirkcudbright on 18 and 19 March 2019. A wealth of community enterprise experience attended both events and these discussions will feed into the design of the new Agency's community support activities.
- 5.2 There will be further opportunities to participate at forthcoming South of Scotland Economic Partnership community engagement events, which will take place during the spring and summer of 2019. This further major round of engagements will build on the 26 events that were held across the region in 2018. The next round of events will particularly target businesses.

6 SOUTH OF SCOTLAND ENTERPRISE BILL

- 6.1 There are a number of stages in the legislative process for the South of Scotland Enterprise Bill, which is being scrutinised by the Rural Economy and Connectivity Committee (RECC). During Stage 1, the Committee took evidence from the Council and a range of other stakeholders. The RECC published its Stage 1 report on the SOSE Bill on 4 March 2019 recognising the unique circumstances of the South of Scotland and the need for a new body to support the enterprise and skills needs of the area. Stage 1 concluded with a debate which took place on 26 March 2019. The debate demonstrated clear cross party consensus for the establishment of SOSE and the Parliament unanimously agreed to the general principles of the South of Scotland Enterprise Bill.
- 6.2 Stage 2 will again be led by the Rural Economy and Connectivity Committee. It will involve line by line scrutiny of the Bill, including consideration of proposed amendments. Stage 3 involves Parliamentary consideration and continued scrutiny, before a final vote is held in the Parliament to pass the final version of the Bill. It is hoped that the Bill will complete these parliamentary stages before the summer recess at the end of June 2019.
- 6.3 In terms of the need for a new enterprise agency, the Committee was absolutely clear that the creation of a new Enterprise Agency in the South of Scotland was required. They felt that it was clear that the area faced a significant number of economic, social and geographic challenges which were not being sufficiently addressed through current economic support mechanisms. The Committee supported the Scottish Government's view that the new Agency would help support the enterprise and skills needs of the area and provide a vehicle through which to encourage economic growth. The Committee commended the significant consultation and preparation work carried out so far by SoSEP, noting that this provided a solid foundation on which to develop the new Agency.

- 6.4 The Committee was satisfied with the proposal that the new Agency should only cover Dumfries and Galloway and Scottish Borders Council areas. The Committee called on the Scottish Government to confirm that the Bill provides for the new Agency to have sufficient flexibility to allow it to operate outwith its geographical boundaries, and to collaborate with other Enterprise Agencies in order to fulfil its role. The Committee agreed with the Scottish Government's intention that the services of SOSE should be co-located with other agencies where that is practical. It considered that this would bring significant benefits, in terms of having a presence in, and being accessible across, its whole area, aiding the provision of a "one-stop shop" approach, as well as being more cost-effective.
- 6.5 In terms of the accountability of the new Agency, the RECC called on the Government to bring forward an appropriate amendment to the Bill to include a requirement that the new Agency carries out work to obtain feedback on its performance and effectiveness from communities and other stakeholders to inform an action plan development process. It considered that this should apply when the agency is drawing up a new or modified version of the Action Plan and also when keeping it under review, as already required by the Bill. The Committee noted the estimated funding for the new Agency that had been set out. It considered the Scottish Government's intention to ensure that there is an equivalence in budget between the new agency and Highlands and Islands Enterprise to be an appropriate and proportionate approach.
- 6.6 In view of the significant amount of activity under way around SoSEP and the new Agency, officers consider that it would be appropriate to invite Professor Russel Griggs to attend the Executive Committee meeting on 16 April 2019. This will allow him to provide an update directly to Members on progress and provide an opportunity for a wider discussion on the new Agency.

7 IMPLICATIONS

7.1 Financial

- (a) Officers are continuing to develop viable, fundable projects to ensure that the funds available to SoSEP are successfully invested in the South of Scotland and the Scottish Borders. It is important to re-emphasise that the ambition to transform the economy of the South of Scotland will not be achieved without a significant uplift in resources and investment. However, it is clear from the SOSE Bill that the Scottish Government is aiming to ensure that the new Agency has the right resources to tackle the challenges in the regional economy.
- (b) There is an ongoing need to ensure that current investment and budgets are aligned to deliver the best impact as part of the Council's partnership contribution. Key partners, including the Councils, need to ensure that the resources they are investing in economic development in the region are used to support the agreed priorities being delivered through SoSEP. Existing Council resources will continue to be committed to this alongside the resources of Dumfries & Galloway Council and the other partners. It is recommended that officers continue to work with SoSEP partners to develop and deliver projects that have a positive economic impact for the Scottish Borders.

7.2 Risk and Mitigations

Partnership working will always present challenges, however, the Council and partners involved in SoSEP are committed to working together to ensure its success. There are actions in place to mitigate risks to the achievement of the Partnership’s strategic objectives. These mitigations include regular engagement with key stakeholders; a well-led Board; and regular meetings between key partners to ensure that activities are aligned. Risk registers will also be developed and appropriately managed to support the SoSEP work plan.

7.3 Equalities

It is anticipated that Equalities Impact Assessments will be required in relation to the activities undertaken by SoSEP in order to ensure that there are no adverse impacts due to race, disability, gender, age, sexual orientation or religious/belief arising. Importantly, SoSEP includes both inclusive economic growth and ‘Fair Work’ as underpinning themes.

7.4 Acting Sustainably

The South of Scotland Economic Partnership has the aims of sustainable and inclusive economic growth at its core. By helping to encourage and secure additional economic activity and growth it will contribute to the sustainability of the local economy and communities across the South of Scotland.

7.5 Carbon Management

There are no direct implications for the Council’s carbon emissions from this proposal.

7.6 Rural Proofing

Rural Proofing is not specifically required as the proposals do not relate to an amended Council policy or strategy. Crucially, it is clear that the South of Scotland Economic Partnership has the potential to have a positive impact on rural areas.

7.7 Changes to Scheme of Administration or Scheme of Delegation

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

8 CONSULTATION

8.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR, the Clerk to the Council and Communications have been consulted and their comments have been incorporated into the report.

Approved by

**Rob Dickson
Executive Director**

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Scottish Borders Council, 20 December 2018

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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