

Economic Development Update

Report by Director of Resilient Communities

Executive Committee

7 December 2021

1 PURPOSE AND SUMMARY

- 1.1 This paper provides Elected Members with an update on a number of projects that have an economic development related theme.**
- 1.2 A Borders Railway Prospectus has recently been produced by the Borderlands Partnership. This document presents a high level assessment of the transport connectivity issues in the Borderlands area. The prospectus identified and highlighted the development of the Tweedbank to Carlisle railway as the best solution to improve transport connectivity in our area. In addition, a Borders Railway Reference Group has recently been initiated to help progress the project and a meeting with the Cabinet Secretary for Finance and the Economy was held in October to specifically discuss the Borders Railway project.
- 1.3 Within the Borderlands Inclusive Growth Deal, work is ongoing in relation to the various business cases impacting on the Scottish Borders. The programme is overseen by the Borderlands Partnership and meetings are usually held on a quarterly basis. As Councillor Rowley has recently been appointed the Leader of the Council there is now a need to appoint a substitute member who can take his place if he cannot attend Partnership meetings.
- 1.4 Scottish Borders Council and South of Scotland Enterprise (SOSE) agreed to form a strategic partnership in relation to the delivery of the Business Gateway Service in November 2020, with the service transferring to SOSE in April this year. This paper provides a regular update and confirms that there has been a general increase in business start-ups and general activity over recent months.
- 1.5 A Scottish Borders Local Employability Partnership has recently been established to meet the requirements of the Scottish Government's No One Left Behind (NOLB) policy agenda. This involves local authorities being given a lead role in co-ordinating employability services in partnership with other local bodies together with a new funding regime which is to start in the next financial year 2022/23. The Partnership has to produce a Delivery Plan setting out the plans for employability services in the Scottish Borders over the next three financial years 2022/23-2023/24.

- 1.6 Recent UK Government funding opportunities relating specifically to Building Back Better indicates that the Community Renewal Fund and the Levelling Up Fund are the key schemes where Local Authorities have the primary responsibility for leading on potential bids. The Community Renewal Fund is a one-off revenue based fund designed to support public bodies and community groups. A total of 29 applications were received with 14 submitted to UK Government earlier this year. Following an announcement in early November, a total of 8 applications were successful and need to be completed by June 2022. The Levelling Up Fund is capital based and bids are currently being developed for round two of the fund which is expected to be announced by the UK Government early next year.
- 1.7 A new website has been developed to advise community groups and charities of the potential opportunities that may be available through the Edinburgh and South East Scotland City Deal process.

2 RECOMMENDATIONS

2.1 It is recommended that the Executive Committee:

- (a) Notes the provided Economic Development updates; and**
- (b) Considers nominating a Substitute Member for the Borderlands Partnership which will be agreed at the next meeting of Scottish Borders Council.**

3 Background

3.1 This report covers some of the key aspects relating to economic development, details are presented below.

4 Borders Railway Extension Feasibility Study

- 4.1 The Borderlands Inclusive Growth Deal was signed in March 2021 by the Borderlands Partnership, the UK and Scottish Governments and the local authorities within the Borderlands area. The deal included £10m of funding to undertake feasibility work to help assess the options in relation to the extension of the Borders Railway from Tweedbank route by taking it through Hawick to connect to Carlisle.
- 4.2 The Borderlands Partnership which comprises Council Leaders and the Chair of the Borderlands Economic Forum have been actively promoting this project and recently produced a Borders Railway Prospectus which carried out a high level assessment of what is needed to tackle the transport connectivity issues in the Borderlands. The process identified and highlighted the development of the Tweedbank to Carlisle railway as one of the best solutions to improved transport connectivity in the Borderlands area.
- 4.3 The Prospectus indicated that the railway extension will result in a positive transformational change for the area's fortunes. Importantly, while this project addresses a regional connectivity need, it also has the potential to provide solutions at the UK level for enhancing cross border capacity, resilience and connectivity and links into a number of extremely exciting Borderlands proposals in Carlisle City and Cumbria, including the redevelopment of Carlisle Railway Station in preparation for potential High Speed Rail proposals.
- 4.4 The Scottish Government is currently progressing the evidence base for this project through the Strategic Transport Projects Review (STRP2) process, with the initial findings to be reported by Transport Scotland in January next year.
- 4.5 In addition, a Borders Railway Inclusive Growth Deal Reference Group has been initiated, which comprises of officials from the Scottish and UK Government and from the Borderlands Local Authorities. The first meeting of this group met in October and is planned to convene until the work already underway through STPR2 has concluded.
- 4.6 A meeting between Ms Kate Forbes MSP, Scottish Government Cabinet Secretary for Finance and the Economy, and the Borderlands Partnership was also arranged in October to discuss progress on the Borderlands Inclusive Growth Deal and specifically the Borders Railway extension proposals. This meeting was attended by the Leaders of the Borderlands Partnership, including the Council Leader from Scottish Borders Council.

5 Borderlands Inclusive Growth Deal

- 5.1 Work is ongoing on taking forward the various business cases impacting on the Scottish Borders. The progress in taking one of these key projects, the Borders Railway Extension Feasibility Study, has been outlined in the previous section.
- 5.2 The Borderlands Inclusive Deal Growth Programme is overseen by the Borderlands Partnership which comprises the Leaders of the five local authorities i.e. Dumfries and Galloway Council, Carlisle City Council, Cumbria County Council, Northumberland County Council, and Scottish Borders Council together with the chair of the Borderlands Economic Forum.
- 5.3 Decisions by the Partnership require all local authorities to be represented at its meetings. These meetings take place quarterly, therefore this means if Leaders are not present there is a need for substitutes.
- 5.4 Councillor Mark Rowley was the substitute member for Scottish Borders Council. As he has been appointed the Leader of the Council there is now a need to appoint a substitute member who can take his place if he cannot attend Partnership meetings.

6 Business Gateway

- 6.1 Scottish Borders Council and South of Scotland Enterprise (SOSE) agreed to form a strategic partnership in relation to the delivery of the Business Gateway Service. This arrangement was agreed by Scottish Borders Council on 26 November 2020, with the service transferring to SOSE in April this year.
- 6.2 As part of this partnership arrangement, regular updates in the form of business start-ups and general activity will be provided to Scottish Borders Council at regular intervals.
- 6.3 The Business Gateway outputs from quarter two of this financial year have been provided in **Table 3.1** and it can be noted that there appears to have been a general increase in activity over recent months in relation to business start-ups and general enquiries.

Table 3.1 – Business Gateway Outputs – Quarter Two 2021/22

Output Targets 2021/22		Targets 2021/22	Actual Q1 Outputs	Projected Q2 Outputs	Projected Q3 Outputs	Projected Q4 Outputs
Start-up Service	Current Position					
Total number of start-up customers who have begun trading	The first quarter has focused on bedding in the new service, recruiting the new team and building a post-covid recovery pipeline of potential business start-ups.	150	3	45	50	60
Start-up with Employees	The first quarter has focused on bedding in the new service, recruiting the new team and building a post-covid recovery pipeline of potential business start-ups.	20	0	8	5	10
Number of business Start-up enquiries	New target introduced to demonstrate demand for individuals exploring business start-up	300	61	93	80	84
Number of Start-up workshops / seminars held	Currently BG workshop programme is being delivered by BG National. Local workshops will recommence following end of Covid restrictions. Currently we do not anticipate face-to-face workshops before Quarter 3.	35	0	5	15	20
Number of clients attending start-up workshops/seminars	This target reflects the estimated number of attendees from Scottish Borders at national workshops/seminars, which forms part of our pipeline	250	164	70	150	150
Number of Clients receiving Digital Boost 1-2-1 consultancy	This target focuses on the number of clients from Scottish Borders receiving digital boost support	30	7	5	9	9

7 Employability

- 7.1 A Scottish Borders Local Employability Partnership has recently been established to meet the requirements of the Scottish Government’s No One Left Behind (NOLB) policy agenda. This involves local authorities being given a lead role in coordinating employability services in partnership with other local bodies, together with a new funding regime which is to start in the next financial year 2022/23.
- 7.2 The Partnership is chaired by Lesley Munro, Director of Education and Lifelong Learning, Scottish Borders Council. Its other members are senior officers from Skills Development Scotland, Department of Work and Pensions, South of Scotland Enterprise, Scottish Borders Chambers of Commerce, Borders College, Scottish Borders Social Enterprise Chamber and a representative from Scottish Borders Registered Social Landlords (RSLs). It is intended that this membership will be reviewed on a regular basis and representatives from other organisations will be invited as appropriate.
- 7.3 The work of Partnership links closely into the work Scottish Borders Community Planning Partnership and the Borders Learning and Skills Group. It will also take account of the South of Scotland Regional Economic Strategy and its Delivery Plan, the Integrated Regional Enterprise and Skills (IRES) programme of Edinburgh and South East Scotland City Region Deal and the Borderlands Inclusive Growth Deal.
- 7.4 The Partnership has to produce a Delivery Plan setting out the plans for employability services in the Scottish Borders over the next three financial years 2022/23-2023/24. The Partnership is planning to use 2022/23 as a transitional year. This approach will be critical to help ensure continuity of employability support services in the Scottish Borders and to allow the Partnership to consider the priorities going forward. A fuller report on work of the Partnership including the Delivery Plan will be presented to the Executive Committee early next year.

8 UK Government Funding – Build Back Better

- 8.1 In March 2021, the UK Government published the UK Budget which was accompanied by a number of documents that related specifically to the proposed levelling up agenda. Three UK-wide funding schemes were introduced as part of this process:
- Community Renewal Fund;
 - Levelling Up Fund; and
 - Community Ownership Fund.
- 8.2 Local Authorities have been given the primary responsibility for leading on bids to the Community Renewal Fund and the Levelling-Up Fund.
- 8.3 The UK Government sub-divided the whole of the Country into priority areas based primarily on economic resilience, with the Scottish Borders designated as a category one area and therefore given more consideration for financial support.
- 8.4 The Community Renewal Fund (CRF) is a one off revenue fund designed to support public bodies, voluntary groups and communities to pilot new ideas and approaches to better support economic development related activities. The UK Government intends that the CRF will pave the way for the introduction of a UK Shared Prosperity Fund which will replace Structural Funds that were issued through the European Union.
- 8.5 In the Scottish Borders, Scottish Borders Council administered the application process. A total of 29 applications were received and reviewed by an independent panel, with 14 applications approved for submission to UK Government by Scottish Borders Council at the end of June 2021.
- 8.6 The UK Government announced its decisions on applications in early November 2021 and eight were successful in securing funding. The awards were:
- £381,821 to support the development of sustainability focussed courses by Borders College.
 - £218,739 to fund an employment and wellbeing programme for people by Berwickshire Housing Association.
 - £187,272 to develop the electric vehicle charging infrastructure across the Scottish Borders, by Scottish Borders Council.
 - £160,854 for the Scottish Borders Community Development Company (known as The Bridge) for workshops to help communities deliver larger scale projects.
 - £158,041 to help the development of a mountain biking by Scottish Cycling.
 - £90,739 for a feasibility study to develop an area of land purchased by Newcastleton and District Community Trust.
 - £82,445 to help support the delivery of training and heritage focused activities by Archaeology Scotland.
 - £57,120 for the Southern Uplands Partnership to develop energy efficiency training schemes.

- 8.7 In relation to the Levelling Up Funds, officers within Scottish Borders Council and partners are developing bids for Round 2 which is expected to be announced by the UK Government early next year. This will be the subject of a report to the Executive Committee when more information is available.

9 Edinburgh and South East Scotland City Region Deal

- 9.1 The Edinburgh and South East Scotland City Region Deal is a mechanism for accelerating growth and significant investment in the South East of Scotland. The key project in the Scottish Borders that is being promoted through the city region deal is the delivery of a new Borders Innovation Park in Tweedbank.
- 9.2 As well as creating a large number of potential jobs throughout the South East of Scotland, one of the key aspects of the City Region Deal is to offer communities benefits.
- 9.3 A new website has recently been developed that details the potential benefits that community groups, charities and businesses could access through the city deal process and a link to this website has been provided: <https://www.esescommunities.org/>

10 IMPLICATIONS

10.1 Financial

Each project noted in the paper has their own particular financial issues and will be reported individually. This is an update report and therefore detailed analysis of each project has not been provided in this instance.

10.2 Risk and Mitigations

Each project noted in the paper has their own particular issues in relation to risk and potential mitigation and will be reported individually. This is an update report and therefore detailed analysis of each project has not been provided in this instance.

10.3 Integrated Impact Assessment

There are no direct implications associated with an Integrated Impact Assessment. However, a key aspect of Scottish Borders Council's work in relation to Economic Development is to reduce barriers to inequality and help to promote sustainable, inclusive economic growth.

10.4 Sustainable Development Goals

The intension for each of the projects noted in the paper is to provide socially and environmentally responsible decision making, balanced with delivering economic benefits to help sustain local communities and where applicable the local supply chain and to support the circular economy.

10.5 Climate Change

There are no direct implications associated to climate change in this report.

10.6 Rural Proofing

This report provides an update on a number of projects that would potentially have a positive impact on the Scottish Borders.

10.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

10.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to the scheme of administration or the scheme of delegation proposed in this report.

11 CONSULTATION

11.1 The Director (Finance & Corporate Governance), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and any comments received shall be reported back at the meeting.

Approved by

Jenni Craig
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Signature

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Background Papers:

Previous Minute Reference:

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

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