
Economic Development Briefing Note

Report by Director - Resilient Communities

Executive Committee

12 September 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides elected members with a briefing note on the key areas of economic development delivery within the Scottish Borders. The note identifies some of the policies and strategies that are currently driving regional economic development and details key pieces of work.
- 1.2 The Local Employability Partnership (LEP) was established in September 2021 to help drive the employability agenda and to foster a strong collaborative approach to delivery. One of the key elements of work is the delivery of the No One Left Behind (NOLB) funding programme which has a greater focus on Child Poverty. In the first quarter of 2023/24 a team of 10 key workers has supported 113 clients with a range of barriers to employment.
- 1.3 Scottish Borders Council and South of Scotland Enterprise (SOSE) agreed to form a strategic partnership for delivery of the Business Gateway service in November 2020, with the transfer of services completed in April 2021. This paper provides an update on delivery and indicates a consistent demand for Business Gateway services, with strong enquiry numbers which is very encouraging.
- 1.4 All of the key agencies in the South of Scotland, including Scottish Borders Council are currently collaborating in terms of the development of a single Responsible Tourism Destination Development Strategy for the South of Scotland.
- 1.5 The UCI Cycling World Championships at Glentress were deemed to be a great success and showed the Borders at its best to an estimated television audience of over one billion people. Glentress was the host venue for the cross-country cycling and marathon events and in addition there was a full range of programmes and activities for all visitors and attendees.
- 1.6 Following a series of recent meetings and discussions, The Scottish Government, Transport Scotland and The UK Government Department for Transport have confirmed that they are content for the Borders Railway Extension project to move into the first stage of the Borderlands Inclusive Growth Deal Business Case process. There was also agreement that Scottish

Borders Council could submit a funding request to appoint a Senior Project Manager to help lead the business case process.

- 1.7 The Borderlands Inclusive Growth Deal was signed in March 2021 by the Borderlands Partnership, the UK and Scottish Governments, and the five local authorities within the Borderlands area. An update on the various projects that have The Deal will provide a total funding package of £452m over 10 years for the Borderlands area, with £150m available for the South of Scotland, comprising £65m from the UK Government and £85m from the Scottish Government.

2 RECOMMENDATIONS

2.1 I recommend that the Executive Committee:

- (a) Notes the information provided regarding current economic development delivery affecting the Scottish Borders;**
- (b) Notes that future delivery updates will be reported back to the Executive Committee on a regular basis.**

3 KEY AREAS OF ECONOMIC DEVELOPMENT DELIVERY

3.1 A briefing note and update on some of the key elements of local economic development delivery are provided below.

3.2 Employability

The Local Employability Partnership (LEP) was established in September 2021 to help drive the employability agenda and to foster a stronger collaborative approach to delivery. The importance of the LEP has been recognised by the Scottish Government as the most appropriate mechanism to ensure that there is further integration and alignment of employability and skills provision at local level.

Since the initiation of the group, the LEP has gained a stronger understanding of the local employability needs in the Scottish Borders through data intelligence supported by Skills Development Scotland, Department of Work and Pensions, City Regional Partnership, employability services, third sector, colleges and educational partners.

The key aims of the LEP is to provide strong leadership and governance along with a clear vision statement and a targeted set of priorities for the delivery of employability related interventions throughout the Scottish Borders.

One of the main priorities of the LEP is to deliver the No One Left Behind (NOLB) funding programme which has a greater focus on Child Poverty in 2023/24. In the first quarter of 2023/24 a team of 10 key workers supported 113 clients with a range of barriers along the employability pipeline.

The team is split into three sections:

- NOLB stage 1 who work with 16-19 year olds furthest from the labour market;
- Parental Employment Support working with parents with a range of barriers; and
- Employment Support Service supporting those with barriers in employment.

The Parental Employment Support team also include dedicated key workers supporting the Project Search initiative, an intensive support programme for young people (16 – 29) with additional needs such as a learning disability or autism.

The LEP is currently managing a number of funding applications that are currently coming through the open call for projects process linked to the Shared Prosperity Fund. Seven applications have currently been supported through this process with a further batch of expressions of interest from partners and third sector organisations currently being considered.

3.3 Business Gateway

Scottish Borders Council (SBC) and SOSE agreed to form a strategic partnership for delivery of the Business Gateway service in the Scottish Borders in November 2020 and to transfer the operational delivery from SBC to SOSE in April 2021.

As part of this partnership arrangement, it was agreed that regular updates in the form of business start-ups and general activity would be provided to Scottish Borders Council.

The Business Gateway outputs from quarter one of financial year 2023/24, have been provided in Table 1. The information provided indicates a consistent demand for Business Gateway services, with strong enquiry numbers which is encouraging.

Table 1 – Business Gateway Outputs – Quarter One 2023/24

Output Targets 2021/22	Current Position	Outputs 2022/23	Targets 2023/24	Actual Q1 Outputs	Actual Q2 Outputs	Actual Q3 Outputs	Actual Q4 Outputs	Total 2023/24 Outputs
Start-up Service								
Total number of start-up customers who have begun trading	Building a post-covid recovery pipeline of start-up business	217	150	51				
Start-up with Employees	Building a post-covid recovery pipeline of business who are employing staff	19	20	0				
Number of business Start-up enquiries	New target introduced to demonstrate demand for individuals exploring business start-up.	450	300	123				
Number of Start-up workshops delivered by Business Gateway Scottish Borders	BG workshops delivered locally, these workshops	66	35	11				
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	525	250	94				

3.4 Events, Tourism and Cycling

Events

Officers are continuing to implement the Scottish Borders Strategic Events Strategy. This plan is ambitious and provides support for strategic events that have a regional economic impact, are sustainable and are working towards the delivery of net zero.

The National Event Strategy “Scotland the Perfect Stage” review is still ongoing, with a first draft hopefully being made available in November 2023. The final version will be available from March 2024. The refreshed strategy will be extended through to 2035.

Tourism

All of the key agencies in the region, including Scottish Borders Council are currently collaborating in terms of the development of a single Responsible Tourism Destination Development Strategy for the South of Scotland.

The South of Scotland Destination Alliance has recently been promoting a series of consultation events throughout the South of Scotland, including local area workshops, digital online thematic meetings, and an online survey. This work will contribute to the strategy document and associated delivery plan. To support this activity the Council has recently recruited a Tourism Officer to support partnership activity across the Scottish Borders.

In response to concerns about the emergence of short term lets and potential negative impacts, Scottish Government recently instructed all local authorities to introduce a licensing system for short-term lets by 1st October 2023. An online registration system for the Scottish Borders has been developed for relevant businesses, along with a focused media and communication campaign.

Cycling

The UCI Cycling World Championships at Glentress were a great success and showed the Borders at its best to an estimated television audience of over one billion people. Glentress was the host venue for the cross-country cycling and marathon events and in addition there was a full range of programmes and activities for all.

Following the world championship event, it has been confirmed that the South of Scotland has now joined a prestigious list of world-leading cycling destinations, having been awarded the "UCI Bike Region" label, the first Scottish region to achieve this accreditation. The label recognises our region's commitment to both elite cycling and cycling for all.

Other key cycling related projects include the development of the National Mountain Bike Innovation Centre in Innerleithen, the 250-mile Kirkpatrick C2C route between Stranraer and Eyemouth and the opening of a new section of shared access route between Peebles and Eddleston.

3.5 Shared Prosperity Fund

UK Shared Prosperity Fund (SPF) is part of the UK Government Levelling Up agenda, designed to help deliver local investment and to help build pride in place and increase life chances in every area across the UK.

UK Government guidance indicates that this investment should be directed to:

- Help provide an increase in job opportunities;
- Improve living standards;
- Improve public services in areas where they are most needed; and
- Help empower communities to deliver services or facilities for community benefit.

The SPF is delivered over four key funding strands:

- Community & Place;
- Supporting Local Business;

- People & Skills; and
- Multiply (adult numeracy)

In December 2022, Scottish Borders was awarded £5,369,972 and the funding will run until 31st March 2025.

A percentage of the overall fund has been allocated to cover management and administration costs with the remainder split as follows:-

	2023/24	2024/2025	Total
Community & Place	£673,676	£1,272,032	£1,945,708
Supporting Local Business	£575,090	£681,825	£1,256,915
People & Skills	£573,504	£747,941	£1,331,445
Multiply	£403,718	£217,387	£621,105
4% Management /Admin	107,399	107,400	£214,799
TOTALS	2,333,387	3,026,585	£5,369,972

Nine projects have already been awarded funding in the Scottish Borders totalling £1,161,689. Details of these projects can be found at [UK Shared Prosperity Fund | Scottish Borders Council \(scotborders.gov.uk\)](https://www.scotborders.gov.uk/UK-Shared-Prosperty-Fund)

A further six projects are currently progressing towards funding sign-off which would allocate an additional £889,470.

3.6 **Community Led Local Development**

The Community Led Local Development Fund (CLLD) is a Scottish Government funding scheme, administered on behalf of the Local Action Group (LAG) by Scottish Borders Council. The LAG consists of volunteers from the local community and other key organisations.

This year the LAG was given £270k in revenue and £120k in capital to distribute to suitable projects that tackle social inclusion, seek to alleviate poverty (especially Child/Fuel) or move towards Net Zero. Applicants were asked to develop projects with an ask of up to £20k.

The LAG has awarded funding to 8 groups so far this year and this information will be publicised in the near future.

There are more rounds of funding later in the year and the LAG intends to allocate all of the funding by the end of October 2023.

3.7 **Borderlands**

The Borderlands Inclusive Growth Deal was signed in March 2021 by the Borderlands Partnership, the UK and Scottish Governments, and the five local authorities within the Borderlands area: Carlisle City Council, Cumbria County

Council, Dumfries and Galloway Council, Northumberland Council, and Scottish Borders Council. The Deal will provide a total funding package of £452m over 10 years for the Borderlands area with £150m available for the South of Scotland.

Programmes and Projects Updates

Since the last update was provided to the Committee on 18 April 2023, work has continued on a number of programmes and projects

The Mountain Bike Innovation Centre and Adventure Bike Park with Trail Lab at Innerleithen is a £40m capital programme being led by South of Scotland Enterprise that has submitted its Full Business Case to the UK and Scottish Governments. Scottish Borders Council approved the Full Business Case on 31 August 2023. The Full Business Case will require final approval by both governments before going to the Borderlands Partnership Board for approval in December 2023.

The Business Infrastructure Programme (Scotland) is a £13.7m capital programme for the South of Scotland, which includes £3m of Borderlands funding for the Scottish Borders and a contribution of £632k from Scottish Borders Council. This funding is for the building of industrial units and the servicing of land at five sites across the South of Scotland, including Coldstream and Hawick in the Scottish Borders. The Full Business Case for the Coldstream project was approved by Scottish Borders Council on 31 August 2023. It is anticipated that work on the Full Business Case for servicing land at Hawick will take place in 2024.

The Natural Capital Programme Outline Business Case has been approved by Scottish Government and Scottish Borders Council (31 August 2023). The programme is split into five pilots:

- An Agri-Environment Pilot: Embedding Agricultural Resilience for a Productive Future – Farmers, Landowners and Species-rich Grassland (led by Scottish Borders Council) and Whole Farm Audits and Natural Capital Advisory (led by Dumfries and Galloway Council).
- A Woodland Pilot: Integrated Land Use and Woodland Creation (led by Scottish Borders Council).
- A Marine Pilot: A Sustainable Solway Economy (led by Dumfries and Galloway Council).
- An Investment Pilot: Borderlands Natural Capital Investment Plan (South of Scotland-wide).
- A Data Pilot: Natural Capital Data Audit and Mapping (South of Scotland-wide).

Destination Tweed is a £25m capital programme centred on a 113-mile long walking and cycling trail from Moffat to Berwick-upon-Tweed. In addition to the Tweed Trail, the programme constitutes another 12 projects that cover

economic, cultural, and environmental themes. An Outline Business Case was approved by the Scottish Government and by Scottish Borders Council Council (on 29 June 2023). Prior to this, an update on the programme was given to Council on 25 May 2023 during which it was noted that Scottish Borders Council are leading on the project management and construction of the Tweed Trail works. A draft Full Business Case will be submitted for Government consideration in due course before being submitted for approval by Council and the Borderlands Partnership Board.

The Place Programme is a £50m programme across the Borderlands region, which includes £20m of investment from the Borderlands Inclusive Growth Deal in the South of Scotland, including £7.25m for the Scottish Borders. There are four towns within the Scottish Borders that will be developing Place Plans as part of the programme:

- Eyemouth – A Town Team has been established and is meeting regularly. It is being supported by Borders Community Action and the team has emerged from the Vision 4 Eyemouth membership and expanded to include young people from the High School;
- Galashiels – Energise Galashiels Trust is leading on bringing together a Town Team. It is intended to confirm a core team in the near future with a view to establishing an agreed structure and developing wider engagement;
- Hawick – A new Town Team had its first meeting on 12 September 2023. This builds on a series of successful engagement sessions conducted by the community over the summer; and
- Jedburgh – The Town Team is established, meeting regularly and looking to learn from Town Teams elsewhere. The process is being supported by a project with Jedburgh Grammar School on a young person's 20-minute neighbourhood and other engagement with students.

The Energy Programme is a £31m programme across the Borderlands region, which includes £14m of investment from the Borderlands Inclusive Growth Deal in the South of Scotland, including £3.6m for the Scottish Borders. A Borderlands Energy Masterplan will provide a robust evidence base to inform decision-making and identify key areas for investment in low carbon and low-cost energy opportunities across the region. The next step is to develop an Investment Programme and identify where to focus the funding to maximise the impact across the region.

Digital Borderlands is a transformational digital and mobile infrastructure programme to increase rural productivity and support inclusive growth. There is an opportunity to invest £32.2m across the Borderlands region, which includes £16.2m of investment for the South of Scotland and £9.45m for the Scottish Borders. There has been a delay to the Outline Business Case stage because of changes in the public policy and investment environment for digital infrastructure and this has led to the need for a programme reset, taking into account the delivery of existing commercial and public funded commitments.

3.8 **Borders Railway**

Following a series of recent meetings and discussions, The Scottish Government, Transport Scotland and The UK Government Department for Transport have confirmed that they are content for the Borders Railway Extension project to move into the first stage of the Borderlands Inclusive Growth Deal Business Case process.

There was also agreement from all of the agencies that Scottish Borders Council could submit a funding request to Scottish and UK Governments to appoint a Senior Project Manager to help lead the business case process and undertake key tasks such as stakeholder consultation with key partners and communities.

The first meeting of the newly formed Borders Railway Reference Group was held on 24th August and it was confirmed at the meeting that the funding requests for a new Senior Project Manager had been received by UK and Scottish Governments and were currently being considered.

3.9 **Edinburgh and South-East Scotland City Region Deal**

The annual report for the Edinburgh and South-East Scotland City Region Deal 2022/23 provides an update on all of the activity that is taking place throughout the region, including work that has been undertaken in the Scottish Borders. A copy of the report is provided in **Appendix A**.

4 **IMPLICATIONS**

4.1 **Financial**

Each programme of work noted in the paper is being delivered within approved budgets. This is a descriptive report and therefore detailed analysis of each project has not been provided.

4.2 **Risk and Mitigations**

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

4.3 **Integrated Impact Assessment**

Each programme of work noted in the paper has their own particular issues in relation to potential impact assessment and will be reported on individually. 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.

4.4 **Sustainable Development Goals**

The intention is for each of the programmes of work noted in the paper to provide socially and environmentally responsible decision making, balanced

with delivering economic benefits to help sustain local communities and where applicable driving local supply chains and the circular economy.

4.5 **Climate Change**

The intension is for each of the programmes of work noted in the paper to provide socially and environmentally responsible decision making processes and to have sustainability as a core theme.

4.6 **Rural Proofing**

This report provides an update on a number of programmes of work that will have a positive impact on all areas of the Scottish Borders.

4.7 **Data Protection Impact Statement**

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

4.8 **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.

5 **CONSULTATION**

- 5.1 The Director of Finance and Procurement, the Director of Corporate Governance, the Chief Officer Audit and Risk, the Director of People Performance & Change, the Clerk to the Council and Corporate Communications have not been consulted on this report. Comments received on the day will be incorporated into the final version of the report.

Approved by

Samantha Smith

Chief Officer Economic Development

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Background Papers:

Previous Minute Reference: Economic Development Update, 18 April 2023

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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