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## **Economic Development Update**

### **Report by Director - Resilient Communities**

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## **Executive Committee**

**5 December 2023**

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### **1 PURPOSE AND SUMMARY**

- 1.1 This report provides elected members with an update on key areas of economic development delivery in the Scottish Borders. It identifies the major 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 areas of work is the delivery of the No One Left Behind (NOLB) funding programme which has a greater focus in 2023/24 on Child Poverty. At the end of the first half of 2023/24 the Council's Employability Service has a working caseload of 419 clients across the region 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 report provides an update on delivery through the second quarter of the current financial year and indicates strong enquiry numbers and confirms a continued general increase in Business Gateway activities.
- 1.4 All of the key partners in the South of Scotland, including Scottish Borders Council are currently collaborating on the development of a single Responsible Tourism Strategy for the South of Scotland. The development of the new strategy is progressing well following consultation events led by the South of Scotland Destination Alliance (SSDA) over the summer, and it is proposed to launch the strategy at the SSDA Tourism Conference on 20 March 2024.
- 1.5 Following assessment of the latest round of funding applications in November, twelve projects in the Scottish Borders have been awarded approximately £1.45m of UK Government Shared Prosperity (SPF) Funding, and the Scottish Government Community Led Local Development (CLLD) Programme is now fully committed after the approval of a series of successful applications by the Local Action Group.
- 1.6 As part of the Borderlands Inclusive Growth Deal, the Business Infrastructure Programme (Scotland) is a £13.7m capital programme for the

South of Scotland, for building industrial units and the servicing of land at five sites across the South of Scotland, including £3m of Borderlands funding for the Scottish Borders and a contribution of £632k from Scottish Borders Council for investment Coldstream and Hawick in the Scottish Borders. Following recent business case approval by the Scottish and UK Governments and the Borderlands Partnership Board, the Coldstream project has now started and site work will commence early next year.

## **2 RECOMMENDATIONS**

### **2.1 I recommend that the Executive Committee:**

- (a) Notes the information provided regarding current economic development delivery affecting the Scottish Borders; and**
- (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 The current economic development delivery the Scottish Borders combines various policies and strategies at national, regional and local level. An update on some of the key areas of local economic development delivery are provided below.

#### 3.2 **Employability**

In September 2021, the Local Employability Partnership (LEP) was established to develop a strong collaborative approach to the delivery of regional employability services. The LEP has a leading role in driving the Scottish Government ambitions for No One Left Behind (NOLB), focussing on local need to achieve our vision for economic transformation and tackling child poverty; and aims to deliver a system that is more tailored and responsive to the needs of people of all ages who want help and support on their journey towards employment. This is particularly relevant to people with health conditions, disabled people and others who are disadvantaged in terms of trying to access the labour market. The LEP provides strong leadership and governance with a clear vision statement:

*“We will work together to deliver effective and easily understood employability and skills pathways focused on positive outcomes which are person-centred and lead to sustainable, fair and rewarding work”.*

The key to how we achieve success lies in adopting a collaborative partnership approach and working closely with our key stakeholders. The LEP has recently set up five sub-groups and has identified lead partners to focus on key priority areas:

- **Transitions** - led by Skills Development Scotland;
- **Barriers** - led by Department of Work and Pensions;
- **Skills** – led by Borders College;
- **Employer Engagement** - led by Developing the Young Workforce; and
- **Leadership** - led by Scottish Borders Council.

One of the main priorities of the LEP is to deliver the No One Left Behind (NOLB) funding programme, which currently has a focus on Child Poverty. Scottish Borders Council are in the process of recruiting a Child Poverty Co-ordinator to work with our LEP partners to further understand the needs of the region to make a significant impact in reducing child poverty.

During the first half of the current financial year the Employability Service has worked with a caseload of 360 people throughout the Scottish Borders. Engagement and participation have consistently risen, indicating a growing demand and a need for additional support. The service has supported 45 people into education and 75 into employment. Additionally, there were 39 people that progressed through the employability support pipeline or entered training, 3 were supported into employment by an Employer Recruitment Incentive (ERI), 7 moved into volunteering, and 21 withdrew from the service due to various reasons such as health issues, caring

responsibilities or moving away. The other service users continue to receive 1:1 keyworker support. We remain committed to supporting more individuals advance towards their employment goals through a variety of interventions including individual support.

The LEP is currently managing a number of funding applications that are currently coming through the open call for projects linked to the Shared Prosperity Fund. Nine 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 and South of Scotland Enterprise (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 to SOSE in April 2021.

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

The Business Gateway outputs from quarter two of financial year 2023/24 (July to September), are highlighted in Table 1. The information provided below indicates a consistent demand for Business Gateway services, particularly through the summer period, with strong enquiry numbers building a strong pipeline of business support moving through the current financial year.

**Table 1 – Business Gateway Outputs – Quarter Two 2023/24**

Output Targets 2021/22		Outputs 2022/23		Targets 2023/24		Actual Q1 Outputs	Actual Q2 Outputs	Actual Q3 Outputs	Actual Q4 Outputs	Total 2023/24 Outputs
<b>Start-up Service</b>	<b>Current Position</b>									
Total number of start-up customers who have begun trading	Building a post-covid recovery pipeline of start-up business	217	160	62	55					
Start-up with Employees	Building a post-covid recovery pipeline of business who are employing staff	19	20	0	11					
Number of business Start-up enquiries	New target introduced to demonstrate demand for individuals exploring business start-up.	450	300	123	96					
Number of Start-up workshops delivered by Business Gateway Scottish Borders	BG workshops delivered locally, these workshops	66	35	11	6					
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	87					

### 3.4 Events, Tourism and Cycling

#### Events

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

The Council has recently hosted three successful workshops for event organisers, raising the profile of events and covering varying topics from marketing, UCI cycling opportunities, the Safety Advisory Process (SAG), Event Sustainability and the transition to net zero. Most recently, in the series of workshops, the Council covered event funding and sponsorship.

Linked to this, a refreshed Council Strategic Events Fund has also been launched, which has seen changes to the assessment panel, application process, deadlines to the fund and updates to the criteria for a closer alignment with the national and regional events strategy. The Community Cycling and Community Festival and Events Fund were also presented at the workshop and are currently accepting applications, with the funds closing in January 2024.

In line with the Event Action Plan, SBC are currently developing an Events Organiser Toolkit which covers the various stages of the event planning process. The document has taken a cross-departmental approach and will act as a valuable tool to help encourage new organisers to the region and create best practices within the industry. The document will be ready launch early next year.

The National Event Strategy "Scotland the Perfect Stage" is scheduled to be completed by March 2024. The refreshed strategy will be extended through to 2035.

### **Tourism**

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

The strategy document has been informed by a consultation exercise undertaken throughout the South of Scotland by the South of Scotland Destination Alliance (SSDA) which has included local area workshops, digital online thematic meetings, and an online survey. This work will contribute to the final document and the associated action plan. It is proposed to launch the strategy at the SSDA Tourism conference on 20<sup>th</sup> March 2024.

In an ongoing commitment to the Edinburgh and South East Scotland City Region Deal, Scottish Borders Council is an active participant in the Regional Visitor Economy Partnership's Working Group. This collaborative endeavour has provided a platform for meaningful engagement and cooperation and officers continue to contribute insights and expertise through involvement in the short life working groups for Culture, Cycling, Cruise Liners and Data. Each working group will be responsible for developing relevant briefing documentation for proposed future feasibility work.

### 3.5 Shared Prosperity Fund

The 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. The SPF allocation for the Scottish Borders has been provided in Table 2.

**Table 2 – SPF Funding Allocation for the Scottish Borders**

SPF Funding	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
<b>TOTALS</b>	<b>£2,333,387</b>	<b>£3,026,585</b>	<b>£5,369,972</b>

Two independent advisory panels have been established to consider SPF applications:

- The Place Partnership considers applications for Community and Place and Supporting Local Business; and
- The Local Employability Partnership considers applications for People and Skills and Multiply.

Once considered by the advisory panels, the applications are further considered by a reference group of Elected Members before being approved under delegated powers.

Following the most recent round of applications, twelve projects have been awarded approximately £1.45m of SPF funding. Details of the successful

projects will be published in the coming weeks, and this information will be distributed to Elected Members in advance of publication.

Following three rounds of application discussions at the Place Partnership and Local Employability Partnership, approximately £3.5m of the Scottish Borders Council SPF allocation has been committed at the present time.

### **3.6 Community Led Local Development**

The Community Led Local Development Fund (CLLD) is a Scottish Government funding programme, 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 allocated £270k in revenue and £120k in capital to distribute to suitable projects that tackle social inclusion, seek to alleviate poverty (especially Child/Fuel poverty) or move towards Net Zero. Applicants were asked to develop projects with an ask of up to £20k.

The LAG chose to fund seven projects predominantly aimed at moving organisations towards Net-Zero, ten projects looking to alleviate poverty, and eleven projects with a strong social inclusion focus.

The CLLD funding for 2023/24 has now been fully committed with the LAG awarding funding to 28 groups in total. Details of all the allocated grants will be published in the near future, and this information will be distributed to Elected Members in advance of publication.

### **3.7 Borderlands Inclusive Growth Deal**

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,<sup>1</sup> 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, and £64 million for the Scottish Borders.

#### **Deal Programmes and Projects Updates**

Since the last update was provided to the Committee, work has continued on a number of programmes and projects, as detailed below.

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 submitted its Full Business Case to the UK and Scottish Governments. Scottish Borders Council approved the Full Business Case on 31 August 2023, and it is expected that the Full Business Case will receive

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<sup>1</sup> Carlisle and Cumbria Councils have now been superseded by the new unitary authorities of Cumberland Council and Westmorland and Furness Council.

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 and by the Borderlands Partnership Board on 13 September 2023. The Coldstream project has now been initiated and we would hope that site work would be able to commence early in 2024.

The Natural Capital Programme Outline Business Case has been approved by Scottish Government and Scottish Borders Council (on 31 August 2023), and Business Justification Cases are now being progressed for each individual pilot, as follows:

- 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 the creation of a new 113-mile long walking and cycling trail from Moffat to Berwick-upon-Tweed. In addition to the Tweed Trail, the programme constitutes 12 projects that cover economic, cultural, and environmental themes. The Outline Business Case was approved by the Scottish Government and by Scottish Borders Council Council (on 29 June 2023). A draft Full Business Case is due to be submitted for Government consideration in February 2024, before being submitted for approval by Council and the Borderlands Partnership Board for approval.

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 has been developed to 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 the national investment environment for digital infrastructure, which has led to the need for a programme reset, taking into account the delivery of existing commercial and public funded commitments which is currently underway.

### **3.8 South of Scotland Regional Economic Strategy**

The South of Scotland Regional Economic Partnership (REP) has agreed to refresh the current Regional Economic Strategy delivery plan, with a sharper focus on delivering Housing, Skills and Transport priorities over the next two years. Work on this refresh is underway, and a number of sub-groups have been established to take this work forward, which will be reported to Council for approval early in 2024.

This follows discussions with Scottish Government at the Convention of the South of Scotland in Galashiels in September, which focus on 'Gateways of Opportunity' in the South of Scotland, and joint action around Place Making, and the creation of a new Net Zero Innovation Zone in the South of Scotland to attract new investment into the region.

### **3.9 UK Government Levelling Up Partnership**

The Chancellor announced in the Autumn Statement £80million for four new Levelling Up Partnerships (LUPS) in Scotland, including the Scottish Borders. These are the first for Scotland, following UK Government delivery of a programme of LUPs across England.

Up to £20million direct capital funding will be available for each of the four LUP areas in Scotland, covering Scottish Borders, Western Isles, Argyll & Bute and Dundee City councils.

Levelling Up Partnerships are about Government working with a place to address specific local challenges and opportunities. The first stage of the process will involve a three month 'deep dive' with Government officials, to understand the needs and aspirations of local communities. The process will focus on areas of greatest need, and will involve consultation with local residents and community groups.

This process will also look at quantitative evidence to identify challenges and opportunities, working closely with the local authority and also with

Scottish Government officials to also consider linkages to the Growth Deals and the Regional Economic Partnership.

The funding will be allocated based on evidence, and the deliverability of potential projects. This £20million capital funding requires to be spent in the financial year 2025/26.

Further guidance from UK Government on the process is expected early in the new year, and a further update on this will be brought to Council later this month.

## **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 intension 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 are being consulted on this report. Comments received on the day will be incorporated into the final version of the report.

#### **Approved by**

**Samantha Smith**  
**Jenni Craig**

**Chief Officer Economic Development**  
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#### **Background Papers:**

##### **Previous Minute Reference:**

Economic Development Update, 12 September 2023

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.

Contact us at: [gjohnstone@scotborders.gov.uk](mailto:gjohnstone@scotborders.gov.uk)