
Economic Development Briefing Note

Report by Director - Resilient Communities

Executive Committee

16 April 2024

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) continues to evolve and has been actively engaging with partners and stakeholders to ensure the delivery of services and interventions tailored to the needs of our priority client groups. Throughout the 2023/24 financial year, the SBC Employability Service has worked closely with a caseload of 533 individuals across the Scottish Borders and it is noticeable that there has been a consistent increase in engagement and participation, reflecting a rising demand and the need for additional support.
- 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 third quarter of the previous financial year and indicates 61 business start-ups in the Scottish Borders during the identified period and good progress on general Business Gateway activity.
- 1.4 The South of Scotland Responsible Tourism Strategy was launched at the SSDA conference in Dumfries in March this year. The ten-year strategy hopes to increase the visitor economy by £1bn and support the delivery on an additional 6,000 jobs in the South.
- 1.5 Following assessment of the latest round of funding applications in March 2024, 33 projects in the Scottish Borders have been awarded approximately £4.5m of UK Government Shared Prosperity Fund (SPF) investment to date.
- 1.6 The Borderlands Inclusive Growth Deal Business Infrastructure Programme (Scotland) is a £13.7m capital programme for the South of Scotland, specifically designed to deliver modern serviced industrial units at five key sites across the South of Scotland, including sites at Coldstream and Hawick. The Coldstream project started in January 2024 and is due to be completed by the end of the current calendar 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

The Local Employability Partnership (LEP) continues to evolve, actively engaging with partners and stakeholders to ensure the delivery of services and interventions tailored to the needs of our priority client groups. The LEP plays a pivotal role in advancing the Scottish Government's aspirations for No One Left Behind (NOLB), with a specific emphasis on addressing local needs to achieve our vision for economic transformation and combatting child poverty.

The goal is to establish a system that is more personalised and responsive to the requirements of individuals of all ages seeking assistance and support on their path to employment. This focus is especially important for individuals with health conditions, disabilities, and others facing disadvantages when attempting to enter the job market. The LEP provides strong leadership and governance, guided by 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 LEP is actively engaged in mapping employability provision across the region, including within the third sector. This initiative aims to pinpoint areas of need and identify where additional interventions are necessary to assist individuals along their employment journey.

With a particular focus on child poverty and the successful recruitment of a Child Poverty Co-ordinator, events focusing specifically on child poverty engagement have been delivered with parents from three of our Early Years Centres which are in areas with the highest levels of poverty.

These events focussed on discussing the effects of poverty on parents and families, as well as the impact of their circumstances on their opportunities for further education, training, and future employment. Common needs were consistently identified across all parent groups. Through these events, parents have been able to pinpoint areas where local services could improve to better support their needs and positively impact the entire family.

Additionally, further organised engagement events with partners involved housing, homelessness, welfare benefits, DWP, and Gender Based Violence. This collaborative effort identifies areas of effective practice as well as gaps in services. By taking ongoing actions and providing support to integrate new working methods and pathways will provide a significant difference for families across the region, offering a holistic, whole family approach.

Throughout the 2023/24 financial year, the SBC Employability Service has worked closely with a caseload of 533 individuals across the Scottish Borders. There has been a consistent increase in engagement and participation, reflecting a rising demand and the necessity for additional support.

The service successfully assisted 52 individuals in accessing education and supported 78 in securing employment. Furthermore, 80 individuals progressed through the employability support pipeline or began training. Three individuals found employment through an Employer Recruitment Incentive (ERI), while eight transitioned into volunteering roles.

The Employability Service remain committed to helping more individuals make progress towards their employment aspirations through a range of interventions, including personalised support.

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 three of financial year 2023/24 (October to December), are highlighted in Table 1.

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

Output Targets 2021/22									
Start-up Service	Current Position	Outputs 2022/23	Targets 2023/24	Actual 01 Outputs	Actual 02 Outputs	Actual 03 Outputs	Actual 04 Outputs	Total 2023/24 Outputs	
Total number of start-up customers who have begun trading	Building a post-covid recovery pipeline of start-up business	217	150	52	55	61			
Start-up with Employees	Building a post-covid recovery pipeline of business who are employing staff	19	20	0	11	8			
Number of business Start-up enquiries	New target introduced to demonstrate demand for individuals exploring business start-up.	450	300	123	96	86			
Number of Start-up workshops delivered by Business Gateway Scottish Borders	BG workshops delivered locally, these workshops	86	35	11	6	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	525	250	94	87	119			

The Business Gateway team continue to focus on client engagement, assisting individuals to start-up in business with wider activities including:

- Strong quarter with 61 starts in the current period;

- Business Gateway Advisors attended Borders College to meet one to one with students on college enterprise courses to discuss their business ideas and review their business plans;
- Attendance at 'Can Do' Expo in Glasgow and Scottish Edge finals;
- Attendance at Supplier Development Day in Langholm. Good attendance throughout the day with over 300 booked;
- As part of Global Entrepreneurship Week, Business Gateway staged a Drop-in Day with a Facebook workshop at Selkirk; and
- Attendance at BG National seminar on the Investment Fund for Scotland.

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.

As reported to Executive in December 2023, the successful workshop delivery programme to event organisers continues to be developed. There are plans to expand on this programme in 2024 by offering new workshops on "Measuring Impacts" to include monitoring the social, economic, and environmental impacts of events.

The refreshed Scottish Borders Council 'Strategic Events Fund' has now been launched and the first round of applicants have been reviewed by the assessment panel, and successful applicants have already been supported such as the 2024 Borders Book Festival.

The 'Community Festival and Events Small Fund' has also recently awarded funding following review by the assessment panel to help provide a more inclusive experience for community festivals and events. An example of this type of event supported is the Hawick Reivers Festival.

The 'Community Cycling Fund' which totalled £125,000 and was set up as legacy from the UCI Cycling World Championships was fully subscribed and has subsequently closed. Examples of the projects that were supported included;

- Sea the Change Easter Cycling Event in Eyemouth;
- Scottish Borders Cycling Development Group Event at Bowhill; and
- The inaugural Light Up the Trails Family Event at Glentress.

The Events Organiser Toolkit which has recently been in development is now at final draft stage and on track to be fully available for the current event season.

Tourism

The ten-year South of Scotland Responsible Tourism Strategy was launched at the SSDA conference in Dumfries on 20th March. The strategy aims to increase the visitor economy by £1bn over the next decade, supporting an additional 6,000 jobs in the South was developed following extensive partnership working between the South of Scotland Destination Alliance (SSDA), VisitScotland, South of Scotland Enterprise (SOSE), Dumfries and Galloway Council and Scottish Borders Council. The strategy has been welcomed and endorsed by the Convention of the South of Scotland, with Scottish Government ministerial and multi public agency commitment to key actions.

A three-year Action Plan has also been created incorporating all 109 actions which were identified. The plan focuses on the four strands contained with the Strategy (Inspire, Develop, Support and Responsible) and 22 areas of work.

The Convention of the South of Scotland (COSS) on 26th February focused on the tourism ambition of the region, and agreed endorsement of the new Tourism Strategy and the contribution national agencies can make to supporting delivery of the strategy. Five key areas of activity where the role of national agencies can make a significant contribution were identified as follows; Cycling, Tourism Road Signage, Natural Capital and Forestry, Food and Drink, and Iron Age and Roman Heritage.

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 programme 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
TOTALS	£2,333,387	£3,026,585	£5,369,972

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 by the Director of Resilient Communities and the Director of Finance and Procurement.

Following the most recent round of applications, three projects have been awarded approximately £316,000 of SPF funding. Details of the successful projects have been provided below:

- Eyemouth Harbour Trust has been awarded £95,000 towards feasibility work relating to proposed harbour development work. It is hoped that this could provide an opportunity for Eyemouth to become a strategically important gateway port for offshore wind developments, as well as fishing, leisure and commercial marine traffic;
- South of Scotland Enterprise has been awarded £190,000 to deliver a programme of entrepreneurship skills development and business support activities for women in enterprise and youth-led enterprises; and
- Capital City Partnership was awarded approximately £31,000 to undertake feasibility work in collaboration with five other local authority areas in relation to the Regional Prosperity Framework Visitor Economy Partnership Programme, to review cycling, cultural assets and cruise tourism potential across the Edinburgh and South East Scotland City Region area

Following four rounds of application discussions at the Place Partnership and Local Employability Partnership, approximately £4.5m of the Scottish Borders Council SPF allocation has been committed to 33 projects and

programmes at the present time. Further details of all the projects that have been awarded funding can be found on the SBC website using the following link:

<https://www.scotborders.gov.uk/community-grants-funding/uk-shared-prosperity-fund/2>

3.6 Community Led Local Development Fund

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 £270,000 in revenue and £120,000 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 £20,000.

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 Place Based Investment Fund

In 2021 the Scottish Government announced a five year programme of capital investment for place based investment projects with £550,000 being allocated to the Scottish Borders within the previous financial year. All Local Authorities in Scotland have been provided with an allocation based on total population and deprivation levels.

Officers identified a number of projects throughout the Scottish Borders, primarily through the Expression of Interest (EOI) process and these applications were assessed by the Place Partnership Advisory Panel.

Six projects have been awarded approximately £400,000 of Place Based Investment funding with details provided below:

- Border Search and Rescue has been awarded approximately £30,000 to help deliver the final phase of works required for their new base at Pinnaclehill Industrial Estate in Kelso;
- Tweedsmuir Community Company has been awarded £29,000 to undertake the work associated with a building warrant application for the proposed new build bunkhouse at the Crook Inn;

- Eyemouth Harbour Trust has been awarded approximately £121,000 to install new railings and ladders in and around the harbour to help improve the safety and the appearance of the area;
- Hawick Conservation Area Regenerations Scheme (CARS) has been awarded approximately £142,000 to undertake a jointly funded public realm project which aims to create an attractive pedestrian route connecting the James Thomson footbridge to the High Street, with improvements set to enhance the setting of the former Glenmac Mill;
- Kelso Skate Project has been awarded £52,000 for the provision of five low energy LED floodlights at the existing facility at Shedden Park; and
- Peebles Bowling Club has been awarded approximately £25,000 which will help contribute to the first phase of redevelopment works at the existing clubhouse, including enhanced changing facilities and toilets.

3.8 **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,¹ 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.

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

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 River Tweed Trail, the programme constitutes 12 projects that cover economic, cultural, and environmental themes.

In 2023 the Outline Business Case for the Destination Tweed project was approved by Scottish Borders Council and subsequently signed off by Scottish Government. Since then, small elements of relevant improvement work have continued on sections of the trail with the support of external funding from South of Scotland Enterprise and Sustrans.

Since the Outline Business Case approval, work to develop the Full Business Case for the project has been taking place and once this piece of work has been approved it will help to unlock £10m of investment for the project.

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

This work has been led by Tweed Forum and supported by officers from Economic Development, with consultants procured to support the economic modelling and the benefits realisation processes. Officers have also worked in partnership with Tweed Forum to develop the technical designs, project manage the complex programme of work and deliver the elements of infrastructure on identified sections of the route.

In March 2024 the Full Business Case was submitted to The Borderlands Programme Management Office for review before subsequently being submitted to Scottish Government on 14th March for review and approval. It is anticipated that the review will be completed in May, allowing the Full Business Case to be presented to Scottish Borders Council and the Borderlands Partnership Board for formal sign off at the earliest opportunity.

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 £632,000 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.

Work commenced on the Coldstream project in January 2024 and is due to be completed by the end of the calendar year. The development is being delivered by SB Contracts and managed by our in-house project management team. The project is currently progressing well.

Work is due to commence on the development of a Full Business Case for the Hawick site within the Scottish Borders Business Infrastructure programme and members will be updated on this project in due course.

3.9 **South of Scotland Regional Economic Strategy**

The South of Scotland Regional Economic Partnership (REP) has refreshed the current Regional Economic Strategy delivery plan for the period 2024-2026, with a sharper focus on delivering Housing, Skills and Transport priorities over the next two years. Work on this refresh is near completion, and a number of sub-groups have been established to take this work forward. The REP has also drafted a new South of Scotland Housing Action Plan which will also be launched over the coming months.

A relaunch of the REP website is underway, along with work to promote investment in the South of Scotland under the 'Invest in South Scotland' branding.

3.10 **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 initiated has involved a 'deep dive' with UK Government officials, to understand the needs and aspirations of local communities. This process has focused on areas of greatest need and has involved consultation with local residents and community groups.

This process has looked 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 first stage of the process is nearing completion and it is expected that an update to Elected Members on key initial findings will be provided 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 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 intention 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
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Background Papers:

Previous Minute Reference:

Economic Development Update, 5 December 2023

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