
SOUTH OF SCOTLAND COMPETITIVENESS STRATEGY 2016-2023

Report by Corporate Transformation and Services Director

EXECUTIVE COMMITTEE

10 May 2016

1 PURPOSE AND SUMMARY

- 1.1 This report seeks approval for the new South of Scotland Competitiveness Strategy 2016-2023 and its associated Action Plan.**
- 1.2 The South of Scotland Alliance agreed to develop a new South of Scotland Competitiveness Strategy for the period 2016 to 2023. Work on the new Strategy has enabled the Alliance to analyse the up-to-date economic data for the region, reflect on the lessons learned from the successes and shortcomings of the last 10 years and consult with the partners and stakeholders on whom the successful delivery of any new Strategy will partly depend.
- 1.3 The finalised Strategy and its Action Plan were agreed by the Alliance on 15 April 2016 and the documents are set out in Appendix 1 and 2 of this report. Approval for the documents is now being sought from Scottish Borders and Dumfries & Galloway Councils.

2 RECOMMENDATIONS

- 2.1 **I recommend that Executive Committee:**
 - (a) Approves the new South of Scotland Competitiveness Strategy 2016 -2023 and its associated Action Plan as set out in Appendix 1 and 2; and**
 - (b) Requests that the South of Scotland Alliance regularly monitors progress on delivery of the actions set out in the Action Plan (Appendix 2).**

3 BACKGROUND

- 3.1 In 2006 the South of Scotland Alliance (SoSA) adopted its first seven-year South of Scotland Competitiveness Strategy. The Alliance subsequently agreed in 2013 to extend and update the Strategy in order to reflect the progress to date and highlight remaining challenges.
- 3.2 However, the evidence base on which the core of that Strategy rests is now a decade old. It does not reflect the changing national and local policy context or the impact of a financial crisis that was unforeseen when it was first produced. SoSA has also made significant progress towards delivering the key priorities of both the original, and updated, Strategy, especially the expansion of superfast broadband access and the development of a targeted South of Scotland Rural Regional Economic Development Programme.
- 3.3 The Alliance agreed to develop a new South of Scotland Competitiveness Strategy for the period 2016 to 2023. At its meeting on 15 April 2016, the Alliance agreed the final version of the South of Scotland Competitiveness Strategy 2017-2023 and an associated Action Plan. It asked that the Strategy was also presented to Dumfries & Galloway Council and Scottish Borders Council for their approval as well. The Strategy and Action Plan are set out in Appendix 1 and 2.

4 WHY THE STRATEGY IS REQUIRED

- 4.1 Work on the new Strategy has enabled the Alliance to analyse the up to date economic data for the region, reflect on the lessons learned from the successes and shortcomings of the last 10 years and consult with the partners and stakeholders on whom the successful delivery of any new Strategy will partly depend.
- 4.2 Despite the notable successes of the South of Scotland Alliance and other partner agencies, the regional economy has continued to struggle in recent years. Growth has not kept pace with the rest of the country and GVA per head actually fell between 2007 and 2013, from 72% of the national average in 2007 to only 70% in 2013. Average weekly wages have also slipped over the same period, from 89% of the national average to 87% – in monetary terms, a gap of more than £65 per worker, per week.
- 4.3 The entrepreneurial spirit of the region is reflected in high levels of self-employment where 12.6% of economically active adults work for themselves, compared to a national average of 8%. However, levels of business expenditure on research and development indicate the relative absence of cutting edge commercial innovation in the region, with spend per head almost 75% less than the national average.
- 4.4 The economy is relatively reliant on primary industry with over 7% of working adults employed in agriculture or fishing in 2013, compared to a national average of only 1.7%. Despite significant funding reductions in recent years the public sector also remains important, employing one third of working adults.
- 4.5 Many of the challenges reflected in these statistics are indicative of long-term structural weaknesses in the regional economy that will not be easy to address but on which SoSA remains determined to make progress. The new Strategy will therefore enable the Alliance to set the strategic direction for actions it will take to help improve economic competitiveness. It will be a mechanism for improving the lives of local people and ensuring that the region as a whole makes a full contribution to delivering all four core strands of Scotland's Economic Strategy – Internationalisation; Innovation; Investment; and Inclusive Growth.

- 4.6 In October 2015 the SoSA Officers' Group presented an early draft of the Strategy to a panel of local business leaders who provided valuable feedback on its scope, content, and deliverability. Further consultation was also undertaken with local FE and HE providers, as well as Skills Development Scotland, to ensure the Strategy complements and enhances their strategic goals and to generate buy-in.

5 STRATEGIC FOCUS

- 5.1 The new Strategy takes account of the Scottish Government's Economic Strategy together with the Dumfries and Galloway and Scottish Borders economic strategies which are embedded within the Community Planning processes in each area. It sets the strategic direction for actions of the Alliance to help improve economic competitiveness at the South of Scotland level over the next seven years.
- 5.2 The new South of Scotland Competitiveness Strategy, set out in Appendix 1, has three key priorities. The first is "Fostering a Culture of Innovation" which aims to encourage a widespread take-up of innovative processes and approaches to improve business competitiveness but also improve organisations in the public and third sector. The second priority is "Inspiring Enterprise and Entrepreneurship" which aims to ensure more focus on enterprise in cooperation with schools, colleges, universities and business people. The final priority is "Creating Resilient, Future Proof Enabling Infrastructure". This strand focuses on digital and transport connectivity and builds on the strategic projects being delivered as part of the South of Scotland Rural Regional Economic Development Programme.
- 5.3 The Action Plan (Appendix 2) has been devised to accompany the strategy document. This is the initial Action Plan which covers the first two years of the strategy. A further two Action Plans will be produced to cover further periods of the strategy. This provides the opportunity to adapt actions and projects as the strategy develops and also to react to changing economic circumstances.
- 5.4 Work is underway to take forward the Action Plan. This includes the development of the approach to encouraging innovation and entrepreneurship, as well as progress on broadband and mobile phone issues.

6 IMPLICATIONS

6.1 Financial

The new Competitiveness Strategy, and associated Action Plan has been formulated to make effective use of existing partner resources. However, it will also form an important part of the lobbying toolkit that the Alliance uses in its dialogue with Scottish Government about investment and resources to support the economy of the South of Scotland. If the partners can demonstrate effective delivery of some of the projects in the Action Plan, then it will strengthen our lobbying case.

6.2 Risk and Mitigations

There is a reputational risk to the Council of not ensuring that it has lobbied as effectively as possible for additional investment for the Scottish Borders. The new Competitiveness Strategy mitigates that risk by demonstrating a strategic, coordinated programme to the Scottish Government and Scottish Enterprise.

6.3 Equalities

There are no direct equalities impacts from the new Strategy. Specific Equality Impact Assessments will be undertaken as appropriate for each of the actions contained in the Action Plan.

6.4 Acting Sustainably

The South of Scotland Competitiveness Strategy has sustainable economic growth at its core. The strategy is intended to help the rural economy in the South of Scotland be more sustainable in the long term.

6.5 Carbon Management

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

6.6 Rural Proofing

The strategy is intended to help the rural economy in the South of Scotland be more sustainable in the long term. The actions it includes around digital connectivity, access to broadband and mobile phone coverage are particularly important for both businesses and residents in the rural parts of the Scottish Borders.

6.7 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to either the Council's Scheme of Administration or the Scheme of Delegation as a result of the proposals in this report.

7 CONSULTATION

- 7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Financial Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted and their comments will be incorporated into the final report.

Approved by

**Corporate Transformation
and Services Director**

Signature

Author(s)

Name	Designation and Contact Number
Bryan McGrath	Chief Officer Economic Development, Chief Executives, Scottish Borders Council, 01835 826525
Douglas Scott	Senior Policy Advisor, Chief Executives, Scottish Borders Council, 01835 825155

Background Papers: None

Previous Minute Reference:

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

Contact us at Bryan McGrath, Policy and Strategy, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 01835 826525, Fax 01835 825071, email bmcgrath@scotborders.gov.uk.