

UPDATE FROM REGIONAL ECONOMIC PARTNERSHIP

Authors: Dumfries and Galloway Council, Scottish Borders Council and South of Scotland Enterprise

PURPOSE

- 1 To update the Convention of the South of Scotland on the activity of the **South of Scotland Regional Economic Partnership**, including progress on the development of a new Regional Economic Strategy; in the context of the economic impact of Covid-19.

ESTABLISHING THE REGIONAL ECONOMIC PARTNERSHIP

- 2 In creating the Convention of the South of Scotland, and in the context of establishing the new South of Scotland Enterprise (SOSE) agency, it was agreed that a Regional Economic Partnership for the South of Scotland would also be established. **The partnership, led by both local authorities, complements the Convention, bringing together a wider group of stakeholders, including those from outside the public sector, to drive forward the regional economic agenda.** The Regional Economic Partnership builds on the strong mature partnership that had been nurtured through the South of Scotland Alliance and brings together a wider range of stakeholders, including much stronger representation from the business, education, and third sectors.
- 3 The **Regional Economic Partnership's agreed purpose** is to:
 - **Set the strategic direction** for the regional economy in the South of Scotland.
 - **Address the strategic economic issues** pertaining to the South of Scotland through effective partnership work.
 - Ensure that collectively, **partner capacities and resources are harnessed to maximum effect.**
 - **Bring together stakeholders** from across the area under a common purpose **to drive inclusive and sustainable economic growth** in the South of Scotland.
 - **Identify barriers** to inclusive and sustainable economic growth, particularly those that are specific to the South of Scotland.
- 4 The impact of the Covid-19 pandemic meant that there was an initial delay in establishing the Regional Economic Partnership, which was originally planned for Spring 2020. The Regional Economic Partnership began to meet in a shadow form in July 2020, with the first full meeting of the Partnership taking place on the 18 September 2020. **The Regional Economic Partnership has since held monthly meetings on-line and has quickly established a clear agenda and ambition for the development of a South of Scotland Regional Economic Strategy.**

- 5 The Regional Economic Partnership is co-chaired by Dumfries and Galloway and Scottish Borders Councils, and the **agreed membership comprises local public sector partners, and representatives from business, social enterprise, housing, education, local communities and the third sector, from across the South of Scotland**. Annex 1 to this paper provides more information on membership. Councillor Rob Davidson, Depute Leader of Dumfries and Galloway Council is the current Regional Economic Partnership Chair.
- 6 Both councils and SOSE, and with other public sector agencies, including Skills Development Scotland and VisitScotland, continue to work together as part of **Team South of Scotland**. This partnership approach, established in early 2020, has focused on strengthening the response to significant emerging issues in key sectors in the region and to align the skills base with current and future industry needs within growth areas of the region's economy. The **Team South of Scotland approach has developed to provide organisational capacity and development resources to support the Regional Economic Partnership** in its focus on setting the strategic direction for the regional economy.

DEVELOPING THE REGIONAL ECONOMIC STRATEGY

- 7 The Regional Economic Partnership's purpose is to secure and enable sustainable, inclusive economic growth across the South of Scotland. **The development of the first South of Scotland Regional Economic Strategy (RES) is a significant step for the Regional Economic Partnership in setting strategic direction for the regional economy.**
- 8 At its first meeting **the Regional Economic Partnership agreed the need for pace in developing the RES, and the importance of wide engagement with local organisations and people across the South of Scotland to achieve this**. The Partnership also acknowledged the complex landscape within which the RES is being developed and the need to balance this, with the timing of the work, to have maximum impact for the South of Scotland. The importance of defining the baseline for any future measurement of the delivery of the RES has also been identified, ensuring long term outcomes particularly in relation to the impact Covid-19, can be clearly understood in future.
- 9 **Reflecting the ambitions that have been set for the development of the RES, the Regional Economic Partnership have led on proposals to engage additional capacity to provide expertise, and insight to help shape the RES.** Together with partner organisations' internal expertise and knowledge; this will aid the robustness of and add value to the RES. Through SOSE, and working with both councils, RSM Consulting were appointed as partners for the development of the RES in December 2020.
- 10 The Regional Economic Partnership has **established a Reference Group to provide a more focussed sounding board to help maintain momentum and**

direction in the RES development between Regional Economic Partnership meetings, as well as helping to undertake a strategic sense check of the emerging work. Engagement with key stakeholders on the RES development is scheduled to commence from mid-January and the timelines agreed provide that a draft strategy would be delivered by the end of March 2021, to enable this to be finalised by the end of May 2021.

- 11 Initial proposals on how to engage stakeholders in the development of the RES have been considered by the Regional Economic Partnership in January and an engagement plan, developed with the Reference Group, was supported by the Partnership. Delivery of the engagement plan is currently underway.

FORWARD WORK PROGRAMME

- 12 The Convention of the South of Scotland received a paper at its meeting on 28 September 2020 on the Covid-19 regional economic impacts and supporting recovery. This examined the economic impact of Covid-19 on the economy of the South of Scotland and outlined measures being taken to support recovery. Within that paper areas of focus for future regional partnership working, to help ensure sustainable economic recovery and build for future success, were identified. It was agreed that the Regional Economic Partnership would seek to unpack these issues and drive co-ordinated action to address them.
- 13 **The Regional Economic Partnership has since considered and agreed key strategic issues that will form the focus of its work and influence the development and delivery of the Strategy.** These include: inclusive and sustainable economic growth; infrastructure; education and skills; inward investment, key sectors – including tourism, land management; marine; food and drink and manufacturing; natural capital; green growth and tackling climate change; energy opportunities; transport and logistics; and community wealth building. A development plan is in place to support the Regional Economic Partnership develop common understanding of those key issues and a programme of seminars and workshops has been established. **The initial topics examined have included community wealth building and natural capital, with input from experts and these form part of the development of the RES.**

EDUCATION AND SKILLS STRATEGIC CO-ORDINATION GROUP

- 14 The Regional Economic Partnership has also endorsed the establishment and membership of an Education and Skills Strategic Coordination Group in the South of Scotland, to focus on the delivery of the Regional Skills Investment Plan, and provide a strong regional evidence base of labour market intelligence and insight. **The Coordination Group will ensure there is a coherent South of Scotland response to the labour market implications of the Covid-19 pandemic.** The Regional Economic Partnership agreed that Professor Russel Griggs should be the interim chair of the Coordination Group.

More detail on the information on the development of the Group is included within the separate paper on Workforce and Skills being considered at Convention.

ENGAGING YOUNG PEOPLE

- 15 The Regional Economic Partnership has been clear on its desire to ensure to develop an effective approach to the engagement and involvement of young people in its work. The approach agreed by the Regional Economic Partnership is to strengthen existing youth engagement structures across the regions and bring the voice of young people direct to the partnership. Building on existing structures and supported and facilitated by plans to engage two modern apprentices, the **Regional Economic Partnership has welcomed the creation of specific opportunities for young people to participate in the Regional Economic Partnership, while providing young people with the chance to develop a range of key skills including leadership, project planning and social media.**

KEY ISSUES

- 16 The Convention of the South of Scotland provides the opportunity to discuss issues with partners and to identify achievable solutions. **The Regional Economic Partnership is committed to providing updates to and communicating with the Convention on the strategic issues for the regional economy in the South of Scotland.** At recent Regional Economic Partnership meetings, partners have highlighted areas to discuss at Convention, including topics such as natural capital, infrastructure and workforce and skills; all of which are being considered under separate papers at this meeting. In addition, the Regional Economic Partnership have highlighted the following matters:
- 17 Future Funding Support for Business - **The priority of the Scottish Government and local and regional partners during the economic crisis resulting from the pandemic has been to protect jobs and businesses.** In a paper to Convention in September 2020 it was recognised that a Team South of Scotland approach had been vital to the delivery of initial funding to business, and to support a degree of bounce back of business sectors following the initial lockdown.
- 18 As the pandemic has continued this winter and with further restrictions introduced, the impact on business is profound and deep seated economic, environmental, and social challenges within the South of Scotland are being amplified. **There are early indications that following the recent marked change in the spread of the virus in our region and the surge in the number of Covid-19 cases, the local economy and key sectors in the region will find it very challenging to bounce back as the economy restarts.** Support to build resilience and help prepare business for restart and recovery featured in the response to the first lockdown. Economic resilience and optimism in the region is now much lower and further intervention in the medium to long term will be required as we emerge from the pandemic to address this. **Coordination of funding support and intervention for businesses over a longer recovery**

period, and a shared understanding of challenges and issues between local, regional, and national partners is crucial.

- 19 Replacement of EU Funding – Funding from the EU, such as European Structural Funds, has been an important tool in addressing regional differences in economic performance for a number of decades and the **South of Scotland has benefitted from economic and social investments through a range of programmes**, including for example LEADER. Recognising that discussions are currently taking place on a future Shared Prosperity Fund, the **Regional Economic Partnership is concerned about the impact a gap in replacing current EU funding could have on vital developments which are contributing positively to our rural economy**; especially at this challenging time and wishes to work with Convention and national partners to ensure that a way forward can be achieved to secure funding which will be vital in supporting economic recovery.

ACTION

20 The Convention of the South of Scotland is invited to consider this paper and:

- a. **Note** the contents of this paper and the significant progress made in establishing the Regional Economic Partnership;
- b. **Welcome** the steps taken to develop a South of Scotland Regional Economic Strategy and a longer-term vision for the South of Scotland economy;
- c. **Encourage** COSS members to continue to contribute to the development of the Regional Economic Strategy and **commit** to support engagement activity which will inform it by encouraging and promoting participation through their networks;
- d. **Re-affirm** commitment from Convention members to work together to coordinate longer term support for businesses to recover from the impact of the pandemic;
- e. **Recognise** the importance of securing a replacement to EU funding for the rural economy, as vital to the region's economic recovery.

Annex 1 Regional Economic Partnership Membership

Membership of the Partnership is comprised as follows:

- Dumfries & Galloway Council
- Scottish Borders Council
- South of Scotland Enterprise
- Scottish Enterprise
- Skills Development Scotland
- Scottish Funding Council
- Visit Scotland
- Private Sector representatives
- Social Enterprise representatives
- Third Sector representatives
- Registered Social Landlord representatives
- Community Development Trust representatives
- Borders College
- Dumfries & Galloway College
- Heriot Watt University
- Crichton Leadership Group
- Scotland's Rural College (SRUC)

Scottish Government officials are invited to attend meetings as observers.