

# **Scotland National Strategy for Economic Transformation**

## **Evidence from Regional Economic Partnerships**

**March 2022**

## Summary of Regional Economic Partnership Plans

Regional Economic Partnerships (REPs) are collaborations between local government, the private sector, education and skills providers, our enterprise and skills agencies and the third sector to deliver economic prosperity across Scotland's regions.

As part of engagement to inform the National Strategy for Economic Transformation (NSET), Ministers and officials met with REPs chairs, who provided evidence on economic opportunities and challenges within their areas.

This paper provides summary evidence received from REPs as part of this NSET process. For each REP evidence was provided on the following:

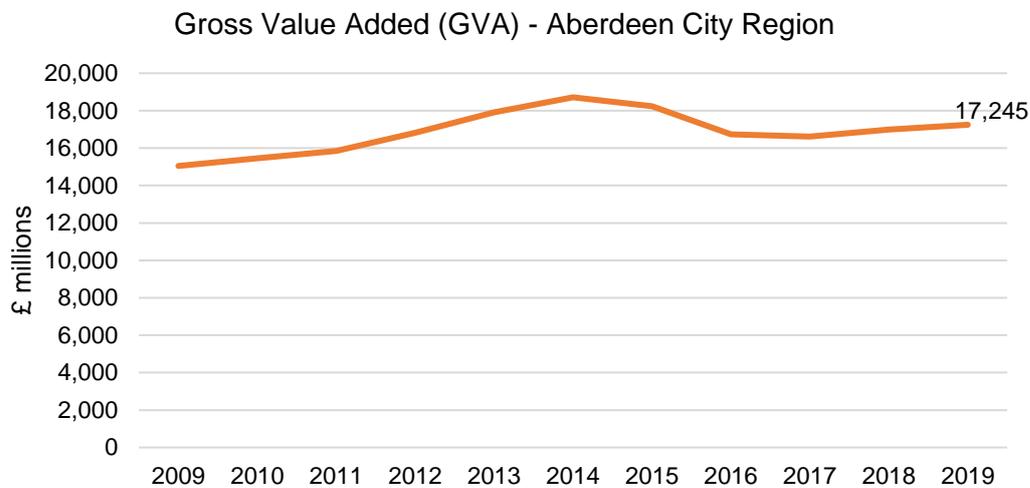
- recent economic trends in each region;
- aspirations to 2030;
- regional opportunities for growth or transformation;
- challenges that are holding back progress; and,
- ongoing or planned actions in response to the challenges and opportunities, and that NSET should aim to support.

Summary evidence is available for the following REPs:

- North East Regional Economic Strategy;
- Ayrshire Regional Economic Partnership;
- Edinburgh & South East Scotland Regional Economic Partnership;
- Forth Valley Regional Economic Partnership;
- Glasgow Regional Economic Partnership;
- Highlands and Islands Region;
- South of Scotland Regional Economic Partnership; and,
- Tay Cities Regional Deal.

## 1. North East Regional Economic Strategy

**Figure 1.1 – GVA of Aberdeen City Region<sup>1</sup>**



**Figure 1.2 – Employment of Aberdeen City Region<sup>2</sup>**



### Regional Aspirations to 2030

The Regional Economic Strategy and subsequent refreshed action plans in response to changing economic conditions and Covid-19 provides an overarching framework for the region's aspiration. This is the basis for the City Region Deal, and, more recently the Net Zero Vision and Strategic Infrastructure Plan for Energy Transition. The region will continue:

- supporting development in key sectors of the region's economy (energy, food and drink, agriculture and fishing, tourism, life sciences and creative industries);

<sup>1</sup> Source: Gross value added (balanced) - Office for National Statistics. GVA is in current prices.

<sup>2</sup> Source: Business Register and Employment Survey, Office for National Statistics. Workplace based jobs.

- investing in skills and training opportunities and create sustainable, high value jobs for the future in the low carbon economy, while ensuring a just transition towards the next phase of jobs in the energy sector;
- establishing as the UK's leading hydrogen capital to deliver projects which enhance the reputation of the North East as the focal point of scale production and distribution of renewable hydrogen in Scotland and the UK;
- maximising the economic opportunity of energy transition in the region and developing its leadership role in delivering net-zero solutions in the UK and internationally, capitalising on existing supply chain and infrastructure like Acorn and St Fergus.

## **Regional Opportunities**

The REP has identified opportunities in the following:

- green recovery and energy transition, building on its global credentials in offshore and subsea energy production;
- supporting sustainable growth in key sectors and in high value green jobs—to deliver just transition;
- for the region's energy sector, through Energy Transition Zone, FreePort, Scotwind, hydrogen power and Carbon, Capture, Utilisation and Storage;
- the Net Zero Technology Centre (incl. National Decommission Centre & Global Subsea Centre), Energy Transition Zone, Aberdeen Hydrogen Hub and Global Underwater Hub are among the key projects maximising the economic opportunity of energy transition in the region and developing its leadership role in delivering net-zero solutions in the UK and internationally; and,
- working with the private sector to deliver the Regional Economic Strategy, utilising the strong relationship between Aberdeen City and Aberdeenshire which enables effective partnership working.

## **Regional Challenges**

Key challenges identified for the region relate to:

- Economic diversification and renewal in response to the, the climate emergency and new international trading environment;
- Supply-side issues constraining place and international competitiveness linked to:
  - improving the attractiveness of the city centre and towns to people, investors and visitors;
  - labour market shortages;
  - providing good intra and extra regional connectivity;
  - capitalising on investments in renowned culture/arts offer and visitor attractions;
  - providing housing that is affordable for all;
  - lack of national public sector investment in transformational projects to maximising region's economic potential; and,
  - national public sector investment not coming quick enough to meet opportunities.

## **Ongoing and Planned Activity for Region**

Ongoing planned activity for the region include delivery of the following:

- The North East Recovery and Skills Fund, and the Regional Recovery and Renewal Fund to support projects that address employability and skills development, innovation and energy transition;
- Innovation projects including Energy Transition Zone, Hydrogen Hub, SeedPod, BioHub and Net Zero Technology Centre. Aberdeen's Regional Economic Strategy has a focus on;
- Digital transformation and technology solutions which are being delivered through the Aberdeen City Region Deal;
- City Centre Masterplan and Union Street/ Market development;
- Beach Masterplan;
- the North East Adventure Tourism; and,
- Seafood Transformation Development.

## 2. Ayrshire Regional Economic Partnership

Figure 2.1 – GVA of Ayrshire<sup>3</sup>

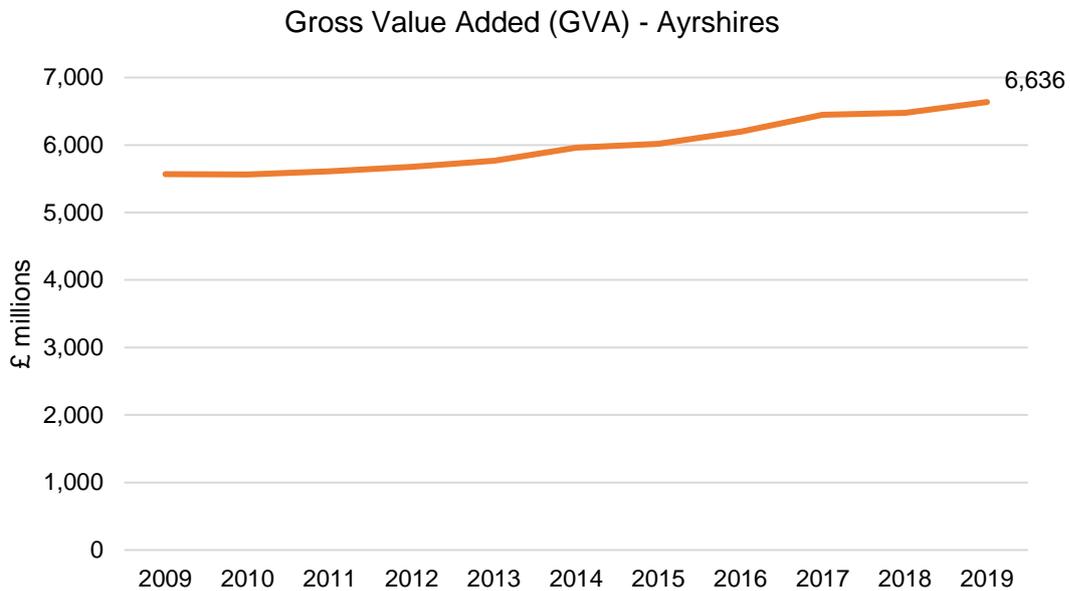


Figure 2.2 – Employment of Ayrshire<sup>4</sup>



### Regional Aspirations to 2030

The Regional Economic Strategy commits regional partners to prioritise activity to:

- grow local wealth through community wealth building approach;
- identify how the region's assets can support clean growth and its climate justice aspirations;

<sup>3</sup> Source: Gross value added (balanced) - Office for National Statistics. GVA is in current prices.

<sup>4</sup> Source: Business Register and Employment Survey, Office for National Statistics. Workplace based jobs.

- provide a strategic regional capability to use digital technology and data to support recovery and renewal;
- promote investment opportunities to regional and national institutions to benefit communities;
- support the regional business base on progressive business models, workplace innovation and fair work to create a fair, diverse and resilient local economy; and,
- seek out innovation and collaboration to achieve more with resources in the region.

## **Regional Opportunities**

The Regional Economic Strategy (draft June 2020) identified the following key sectors as drivers of economic recovery, which reflect projects and themes within the Ayrshire Growth Deal:

- Advanced Manufacturing;
- Aerospace/space;
- Clean Growth;
- Community Wealth Building;
- Food & Drink;
- Life Sciences;
- Visitor Economy;
- Business; Connectivity;
- Digital;
- Innovation; and,
- Skills.

There is opportunity to grow employment in the region. Employers within the region are seeking softer skills as well as technical skills. Skills such as customer service and teamwork/collaboration are in demand, as are job-specific skills such as teaching and healthcare-related skills. There are also 'Green jobs' opportunities to support Scotland's transition to net zero.

The increase in homeworking could offer more opportunities for those who live in rural areas, if connectivity is strengthened. This could bring a number of societal and economic benefits and reduce the carbon footprint as commuting activity decreases.

The region also benefits from a strong spacecraft and aircraft industry sector. As much as 54% of Scotland's workforce employed in the manufacture or repair of spacecraft or aircraft are based in Ayrshire (2,810 people).

Following the impact of COVID-19, Brexit and as part of the economic recovery, coupled with the Scottish Government's publication of the National Strategy for Economic Transformation (NSET), the draft Strategy is being reviewed to reflect the current economic challenges and also to integrate Community Wealth Building principles within the strategy.

## **Regional Challenges**

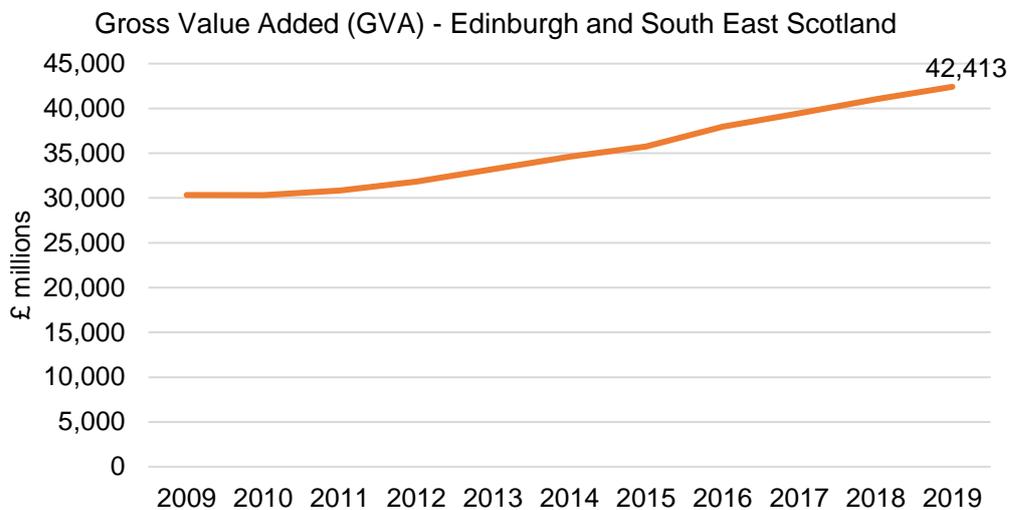
- Ayrshire's economy lags behind, and in recent years productivity performance has been diverging significantly from Scotland. The business base largely comprises SMEs and micro businesses, with only 35 companies across Ayrshire employing more than 250 staff.
- In the year to March 2020, the Ayrshire region had the second highest unemployment rate in Scotland. Pre-COVID-19 data showed that the unemployment rate for the 16-64 population in Ayrshire was 4.8% compared with 3.5% in Scotland as a whole. Pre-COVID-19 data also showed that the unemployment rate for the 16-24 population in Ayrshire was 12.8% compared with 8.3% nationally.
- Ayrshire has some of the highest deprivation levels in Scotland, with 27% of children living in poverty (after housing costs deducted from their income) compared to 24% in Scotland as a whole.
- Future growth in economic activity and employment risks being constrained by skills shortages in the area. 9.3% of Ayrshire's resident population aged between 16 and 64 years have no skills compared to 9.8% for Scotland as a whole. 40.8% for Ayrshire, compared with 45.3% for Scotland have advanced qualifications (HNC/HND, degree level and above).

## **Ongoing and Planned Activity for Region**

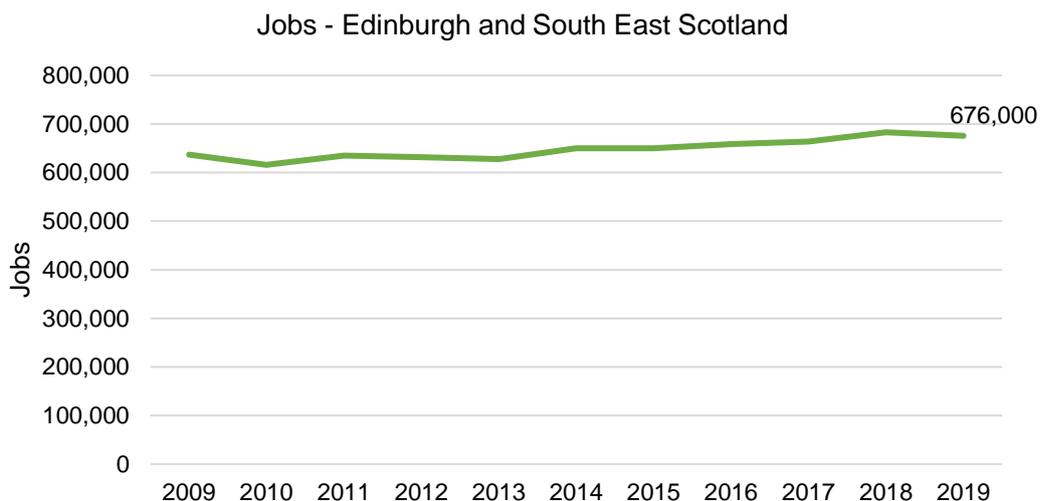
- The Ayrshire Growth Deal is in delivery; the HALO Enterprise and Innovation Centre is completed and will open its doors to occupants in Spring 2022 with business cases approved for Community Wealth Building and Working for a Healthy Economy. Further business cases for one revenue project and 15 capital projects that support all of the themes listed above as drivers of economic recovery are in development with several projects moving towards implementation during 2022/23.
- Both SG and UKG are investing up to £103 million each in the Ayrshire Growth Deal over 10 years from November 2020. The Ayrshire Councils will contribute a further £45.5 million to the Deal.

### 3. Edinburgh and South East Scotland Regional Economic Partnership

**Figure 3.1 – GVA of Edinburgh and South East Scotland<sup>5</sup>**



**Figure 3.2 – Employment of Edinburgh and South East Scotland<sup>6</sup>**



#### Regional Aspirations to 2030

The vision for the region is stated in the Regional Prosperity Framework (2021-41) is as follows:

*“...To become the data capital of Europe. We will ensure the social and economic benefits of this capability extend to all. All sections of the community will have the opportunity to develop the key skills that will help to end inequalities in our society. We will protect our environment and make best use of our extraordinary built and natural assets, ensuring that the Edinburgh and South East Scotland City Region delivers a just transition to a net zero economy. Our institutions, ancient and modern, will deliver*

<sup>5</sup> Source: Gross value added (balanced) - Office for National Statistics. GVA is in current prices.

<sup>6</sup> Source: Business Register and Employment Survey, Office for National Statistics. Workplace based jobs.

*positive outcomes that enhance our local, national and international reputation.”*

The future regional economy will be shaped by nine major regional ‘Big Moves’ opportunities to drive the delivery of the Regional Prosperity Framework (2021 – 2041). Each of the Big Moves will support inclusive growth and net zero aspirations. The nine Big Moves are:

- Becoming the Data Capital of Europe;
- Re-thinking Our Place;
- Sustainable Transport;
- Regenerating the Forth;
- Sustainable Tourism and Culture;
- Supporting Enterprise;
- Aligning Skills;
- Re-Inventing Healthcare; and,
- Anchor Institutions.

Implementation plans are currently being developed for each of the Big Moves. The overall Implementation Plan will be taken to the City Region Deal Joint Committee for approval in September 2022.

### **Regional Opportunities**

- The inclusion of Data-Driven Innovation in the City Region Deal reflected the critical importance of data in economic growth, social change, and public services. Five data-driven innovation ‘hubs’ are being created - along with a further centre of excellence in data science - housing expertise and facilities to work across multiple industrial sectors and to enable innovation through data.
- The region is projected to have strong economic growth. The average annual growth projections from 2020-2030 suggest a growth rate of 2.4%, which could be higher than the average annual growth projected for Scotland as a whole.
- Through the work of the Integrated Regional Employability & Skills (IRES) Programme, partners are jointly developing regional career pathways from the classroom to the workplace with employers to meet current and future skills requirements in key sectors across the region.
- Supply of affordable housing is a particular challenge in this region. This also presents a significant economic opportunity with the right support, investment, innovation and resource, alongside an infrastructure-first approach, to enable the region to deliver at pace and scale. The seven strategic sites identified in the City Region Deal and the Edinburgh Home Demonstrator project present scope to develop a pipeline of low carbon homes that can be delivered through offsite manufacturing. This complements more local approaches to identify and develop key housing and employment sites through Strategic Development Areas (SDAs).
- There is an opportunity to take advantage of changes in ways of working following the pandemic to improve connectivity, particularly for more rural areas,

hybrid working and the through increased investment in public and active travel, in line with net zero carbon ambitions.

- Other opportunities include regeneration of the Forth to create a national focus for renewables investment, and the mixed use regeneration potential along the Firth and coast to confirm the region's place as a leading European Waterfront destination.

## **Regional Challenges**

- Most of the region's GVA is concentrated at the core of the city region. For example, GVA in the Scottish Borders in 2021 is forecasted to be £2,065 million, compared to a forecast for the City Region area of £40,171 million. Productivity in the Scottish Borders is well below the City Region average at just over £40,000 per head compared to £56,000 per head. The Regional Prosperity Framework recognises these disparities and seeks to ensure the social and economic benefits felt in some parts of the city region extend to all.
- Digital connectivity varies significantly across the region with some rural parts still receiving patchy coverage, leading to lower levels of resilience due to poor connectivity and lower rates of home working.
- As a growing region, there is a need to ensure that new housing and areas of business development are accessible by public and active transport, and that car dependency is reduced, in line with net zero carbon ambitions.
- As we come out of the pandemic, the region's once thriving tourism, hospitality and culture sectors will need to be supported to recover to pre-pandemic levels and to attract people back to work in those sectors; many who lost jobs during the pandemic will have secured employment elsewhere.

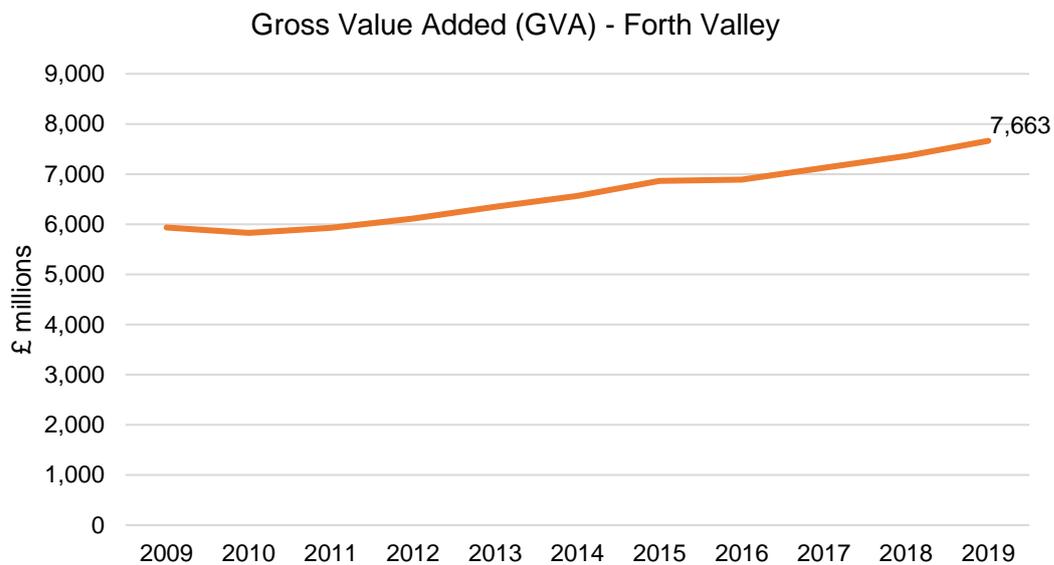
## **Ongoing and Planned Activity for Region**

- The Regional Prosperity Framework (2021-2041) seeks to deliver on the following priorities: High Quality Places and Investment in Homes and Neighbourhoods; Major housebuilding programme across all types and tenures; 20-minute neighbourhoods; taking a new approach which builds on the opportunities for flexible and digitally supported working; Educational institutions, particularly the research-intensive Universities; Support for key growth areas of the economy; A commitment to more locally based supply chains; Acceleration of growth through infrastructure upgrades and reduction of carbon emissions.
- The £1.3 billion Edinburgh and South East Scotland City Region Deal agreed in 2018 by regional partners and the UK and Scottish Governments aims to deliver on the following themes: Research, Development and Innovation (which supports Healthcare, Artificial Intelligence, Agritech, Financial Services and Food and Drink).
- Integrated Regional Employability and Skills programme (which includes data and construction skills gateways)
- Transport
- Culture
- Housing
- The City Region Deal is holistic and cut across policy areas including planning, housing, economic development, transport, net zero, innovation and skills. It aims to address the region's challenges and opportunities to make Edinburgh and

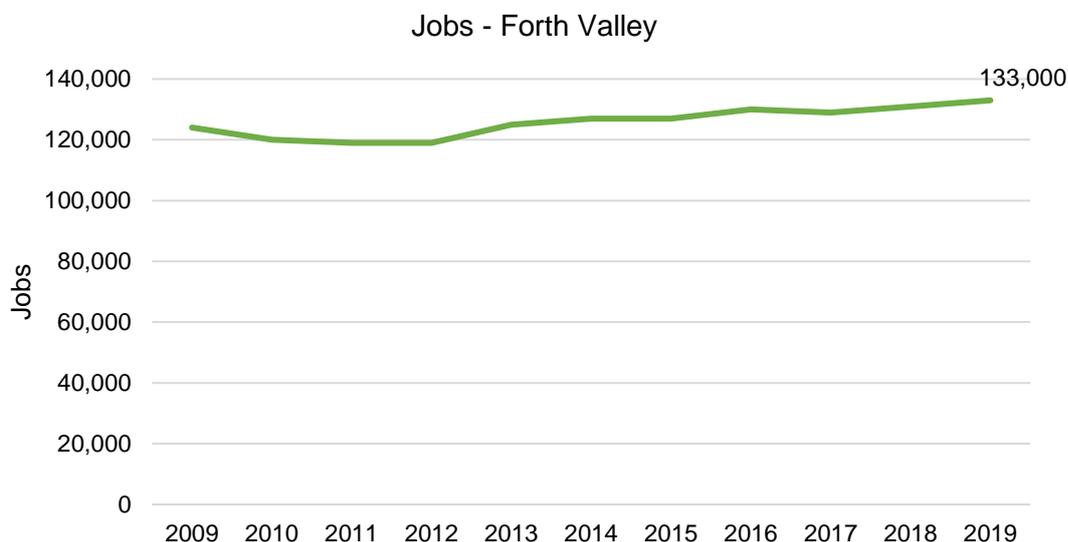
South East Scotland a better place to live, work, study, visit and invest for current and future generations. At the time of writing, work is underway on developing an Implementation for the Regional Prosperity Framework for the next 20 years. This will be taken to Joint Committee for approval in September 2022.

#### 4. Forth Valley Regional Economic Partnership

**Figure 4.1 – GVA of Forth Valley<sup>7</sup>**



**Figure 4.2 – Employment of Forth Valley<sup>8</sup>**



#### Regional Aspirations to 2030

Work is taking place to develop a regional economic strategy and partnership for the Forth Valley. This work involves a range of public and private sector stakeholders and

<sup>7</sup> Source: Gross value added (balanced) - Office for National Statistics. GVA is in current prices.

<sup>8</sup> Source: Business Register and Employment Survey, Office for National Statistics. Workplace based jobs.

is progressing with the aim of formalising a Regional Economic Partnership during 2022. The areas of focus of this work relate to:

- transport;
- tourism;
- business support; and,
- low carbon.

The region's economic agenda towards 2030 focuses on the '*Journey to Net Zero, Productive Places & People*' and '*Inclusive Growth & Well-being*' prospects for the Forth Valley. This is being taken forward as part of establishing the regional economic partnership in mid-2022, and adopting a regional economic strategy by the end of the year.

### **Regional Opportunities**

The following are key areas of economic opportunity for the region:

- developing a Forth Valley Regional Tourism programme;
- developing Scotland's International Environment Centre;
- responding to findings of the regional Connectivity Commission;
- implementing Stirling & Clackmannanshire City Deal & Falkirk Investment Zone programmes; and,
- investment opportunities and transformational programmes in Grangemouth (progressing the journey to net zero, including the transition to a net zero manufacturing campus at Ineos).

### **Regional Challenges**

Businesses in all sectors face challenges due to a range of external factors. COVID recovery is a challenge for many sectors, although some sectors will recover quicker than others. The partners are committed to working together to help address these challenges and prepare for the future.

### **Ongoing and Planned Activity for Region**

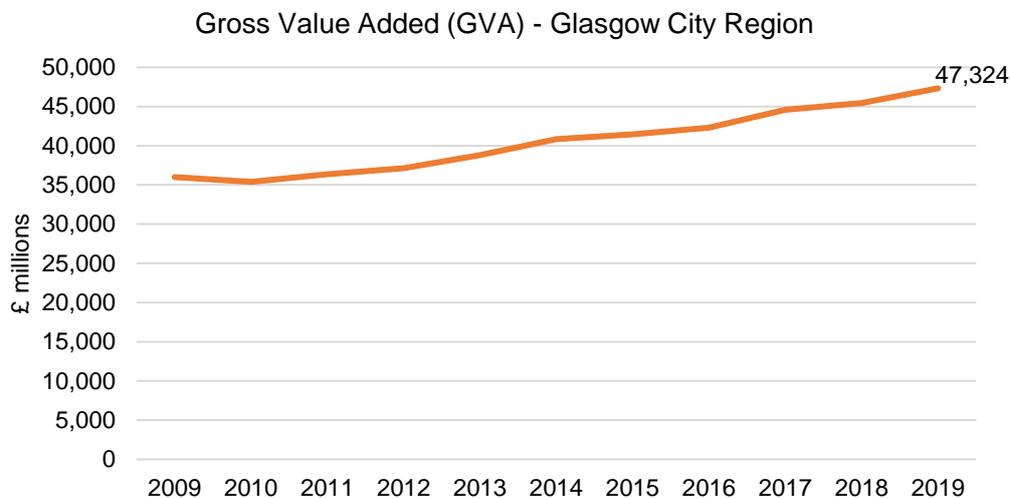
Current ongoing activities for the region include:

- improvement of targeting of support through the City Deal, the Investment Zone, Falkirk Tax Incremental Finance (TIF), Town Centre and Tourism Action Plans);
- Delivering localised Business Gateway services including working with stakeholders to maximise business support opportunities and resources;
- provision of Partnership Action for Continuing Employment (PACE) support for businesses in scope for redundancy;
- increase digital capability of businesses through DigitalBoost programme;
- developing digital support tools for skills development, increasing staff resource for front line employability support, and delivery of increased employer recruitment and job creation programmes;
- supporting communities, housing and infrastructure;
- tourism action planning, including COVID local tourism action plan and development of local area marketing campaigns.
- The partners convened a virtual conference 'Revitalising the Forth Valley' which demonstrated a range of joint activity taking place across the region. It

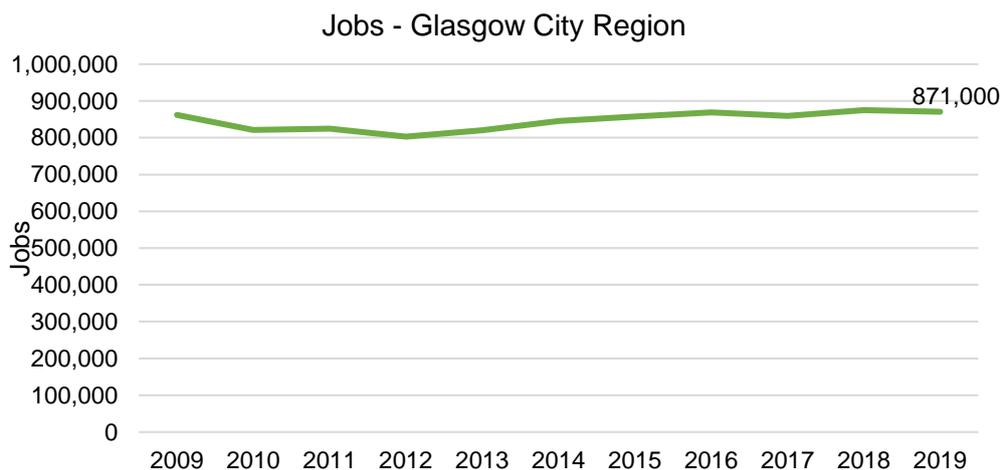
highlighted the work taking place to help achieve net zero, enhance our digital capacity and promote community wealth building. The partners will use the outcome of this event to frame its work on the regional strategy.

## 5. Glasgow Regional Economic Partnership

**Figure 5.1 – GVA of Glasgow City Region<sup>9</sup>**



**Figure 5.2 – Employment of Glasgow City Region<sup>10</sup>**



### Regional Aspirations to 2030

The region has set itself clear and ambitious aspirations to achieve by 2030. These are outlined in the new vision: “By 2030, Glasgow City Region will have the most innovative, inclusive and resilient economy in the UK.”

The vision is underpinned by the following three missions:

- By 2030, the Region will have the most inclusive major city-region economy in the UK.
- By 2030, the Region will have the most productive major city-region economy in the UK.

<sup>9</sup> Source: Gross value added (balanced) - Office for National Statistics. GVA is in current prices.

<sup>10</sup> Source: Business Register and Employment Survey, Office for National Statistics. Workplace based jobs.

- By 2030, the Region will have the most advanced city-region economy in the UK in the race to net zero and climate resilience.

### **Regional Opportunities**

- the region has built a competitive advantage in the last three years in several high value industries with growth potential, including Professional, Scientific and Technical Activities; Financial and Insurance Activities; and Information and Communication.
- there are technological transformation opportunities within these sectors as the region shifts into Industry 4.0.
- there are plans to build on the region's innovation district with the new emerging tech programme, to align with sectors the region performs strongly in, including - Fin Tech and the health and clinical tech sector.
- the region's foundational economy has growth opportunities in sectors that have low paid jobs with lower productivity, such as retail, hospitality, care and tourism. Glasgow City Region plans to support these industries to become more innovative, inclusive and fairer.

### **Regional Challenges**

The following are challenges that the region faces:

- Automation may pose a challenge in some sectors.
- High levels of long-term sick economically inactive residents is a major challenge in the region. Up to one third of the region's productivity gap could be attributed to health-related issues. Focussing on addressing health inequalities is key to growing an inclusive, productive economy.
- skills-related:
  - High number of residents in the region with no qualifications, limiting their economic opportunities;
  - Issues of underemployment and the positive gap between the number of graduates and graduate positions in the region; and
  - Evidence of a lack of progression for those in lower paid jobs.
- Overall, the skills challenges amount to a broader question of whether the region's current skills system is providing people with the skills they need. The Future Skills programme, which is in development, will take into account the above challenges.

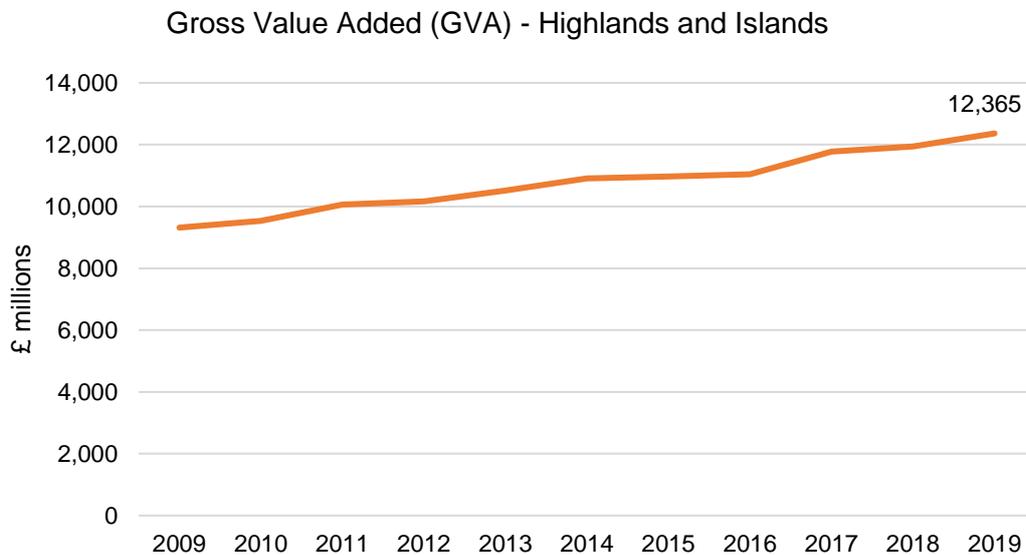
### **Ongoing and Planned Activity for Region**

- The Glasgow City Region Regional Economic Strategy identifies 7 transformational opportunities to reshape the economy for all. The seven transformational opportunities are within the Foundational Economy; High Growth Sectors; Accelerating Climate Action; Health; Skills; Technology and, Place. These are tied to the 12 regional programmes which make up the first phase of the Regional Economic Strategy Action Plan.
- The programmes within the Regional Economic Strategy that will support key elements of the region's economy include:

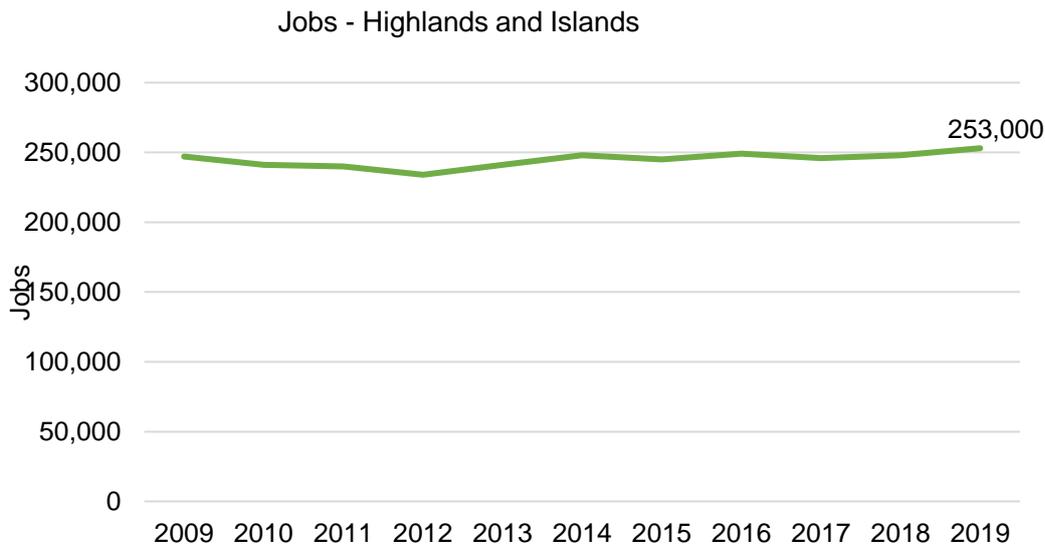
- innovation districts which focus on cross sectoral innovation through growing R&D, start-ups, investment, and employment in the region's highest value sectors;
- a pilot project to support growth of the foundational economy to implement a Living Wage, skills progression, and adoption of new business processes to support business growth across the region;
- the Future Skills Programme which aims to develop regional skills programmes to deliver a skilled workforce to meet current and emerging demands of the public and private sectors;
- helping businesses transition to net zero;
- developing better places for people to live and businesses to locate – through a housing retrofit programme to help reduce fuel poverty and get the Region to net zero, a city and town centre programme that will help our centres adapt to changing consumer behaviours and working practices, a programme to address issues of blight associated with vacant and derelict land, plus a green demonstrator programme focused on supporting the uptake of electrical vehicles across the Region;
- continued support for the transformational Clyde Mission and Clyde Metro programmes.
- To help deliver these ambitious programmes, the region will continue to work with investors, both in the public and private sectors. It is also looking at new and innovative funding solutions such as creating a Regional Investment Fund that will be designed to ensure the region attracts the investment required to achieve its vision and missions

## 6. Highlands and Islands Region

**Figure 6.1 – GVA of the Highlands and Islands<sup>11</sup>**



**Figure 6.2 – Employment of the Highlands and Islands<sup>12</sup>**



### Regional Aspirations to 2030

The Highlands and Islands Region aspires to:

- be a world-renowned net zero and fair work region, maximising economic and community benefit from strategic opportunities arising from our distinctive natural, cultural and built assets and through a continuation of a strong place-based approach.
- a more prosperous, inclusive and sustainable region attracting more people to live, work, study, invest and visit.

<sup>11</sup> Source: Gross value added (balanced) - Office for National Statistics. GVA is in current prices.

<sup>12</sup> Source: Business Register and Employment Survey, Office for National Statistics. Workplace based jobs.

## **Regional Opportunities**

The region has sectoral opportunities in Energy; Blue Economy; Food and Drink; Tourism; Space and Aerospace; Life Sciences; and Creative Industries. These include:

- continuing to develop the region's renewable capability: Offshore Wind (with particular focus on Floating); Hydrogen; Energy Hubs; Marine Energy (wave and tidal); Heat Decarbonisation; and Local Energy Systems;
- with almost two-thirds of the UK's coastline and coastal waters, pursuing the potential for the region to be world leaders in the relatively new industries within the blue economy and developing the region's world class marine science and innovation;
- accelerating technology adaptation, building resilience and transitioning to net zero in our food and drink sector;
- establishing the region as a low carbon destination, capitalising on the growing demand for our region's natural assets and outdoor tourism, and building resilience, promoting quality and fair work;
- unique geography which is very attractive to the commercial satellite launch sector, hence developing substantial economic activity and inward investment from the space and aerospace supply chain into the region;
- accelerating human and animal health industry opportunities in the region; and
- growing the creative industries, building on our region's many renowned cultural, natural and heritage assets and maximising the role of the Gaelic language.
- many cross-cutting opportunities for economic growth and wellbeing for the region through our natural capital; authenticity, provenance and heritage; advanced manufacturing and technology; and, remote working.

## **Regional Challenges**

There are common challenges across the region, some of which arise from or are exacerbated by the region's complex geography which includes almost 100 inhabited islands and forms 51% of the land mass of Scotland. These include:

- access to critical enabling infrastructure investment in digital, transport, housing, energy, education, and innovation to deliver the region's ambitions;
- access to a highly skilled workforce critical to increasing business productivity, delivering infrastructure projects, transitioning to net zero, as well as attracting investment into the Region;
- high cost of doing business, e.g., transportation, energy and supplies costs;
- retaining and attracting population and talent across the region, particularly in areas experiencing significant decline e.g. the Outer Hebrides, Argyll and the Islands, Arran and Cumbrae, and Caithness and Sutherland;
- adequate public service provision e.g. in child and social care; and,
- constraints to supply chains, which are impacting on economic recovery.

## **Ongoing and Planned Activity for Region**

The following are ongoing or planned economic activity:

### **Energy**

- Given anticipated rapid scaling of offshore wind activity in response to current and future ScotWind and INTOG leasing rounds, HIE, UHI and Energy Skills Partnership are actively expanding Global Offshore Wind training and certification, and advanced manufacturing training capability within UHI colleges (incl. industry-led provision), to meet demand for a skilled offshore wind workforce.
- HIE, Local Authorities and Scottish Government are working with industry to secure affordable and timely grid capacity, and address other barriers to deployment. Partners are engaged in cluster development to stimulate innovation and supply chain development in key areas such as offshore wind, hydrogen, heat decarbonisation and energy systems and continuing to build on the region's lead on marine energy through Wave Energy Scotland, EMEC and technology deployment.

### **Food and Drink**

- The current focus is on supporting a rapid and sustainable recovery. The HiPLAN pilot will test if a data-driven, open logistics platform can reduce costs, increase productivity and competitiveness, improve supply chain resilience and reduce carbon emissions.
- Further key investments within growth deals include a food tech hub and aquaculture innovation and development.

### **Creative Industries**

- the UHI/HIE LevelUp! programme targets work readiness in students, provide greater access to industry and retain regional talent. XpoNorth is delivering key support across the sector.

### **Life Sciences**

- Innovation is being driven through engagement with universities, Innovation Centres, DataLab, CENSIS etc. with new developments underway e.g. the Rural and Veterinary Innovation Centre and Life Sciences Innovation Centre. HIE, NHS Highland and SFT are developing a new collaborative approach to infrastructure investment in the region.

### **Space/Aerospace**

- The Scottish Space Leadership Council (Space Scotland) has finalised the Scottish Space strategy which identifies key workstreams to be progressed jointly by public and private sectors, with a current focus on developing launch-site capability alongside manufacturing and innovation to enable sectoral growth.

## **Construction and Manufacturing**

- The new Inverness College and UHI Make It Smart Hub and West Highland College UHI Advancing Manufacturing Centre are supporting employers in the region access innovation and specialist support, with a Manufacturing Innovation Centre Moray planned.

## **Community Wealth Building**

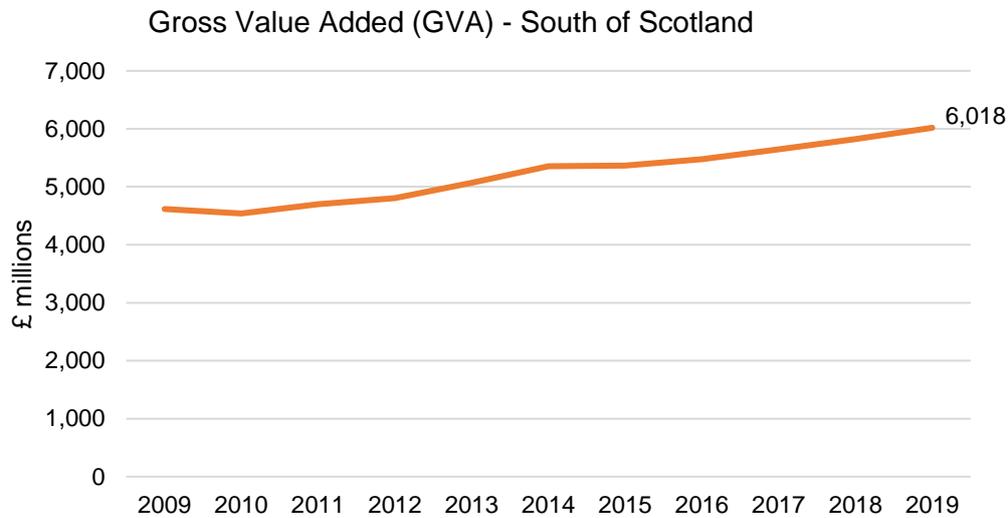
- North Ayrshire, the Outer Hebrides and Moray are progressing plans for anchor institutions that will work with communities and businesses to build a stronger, more resilient local economy, promote fair work, local spend, democratic ownership models and to use land and assets for the wider common good.

## **Skills**

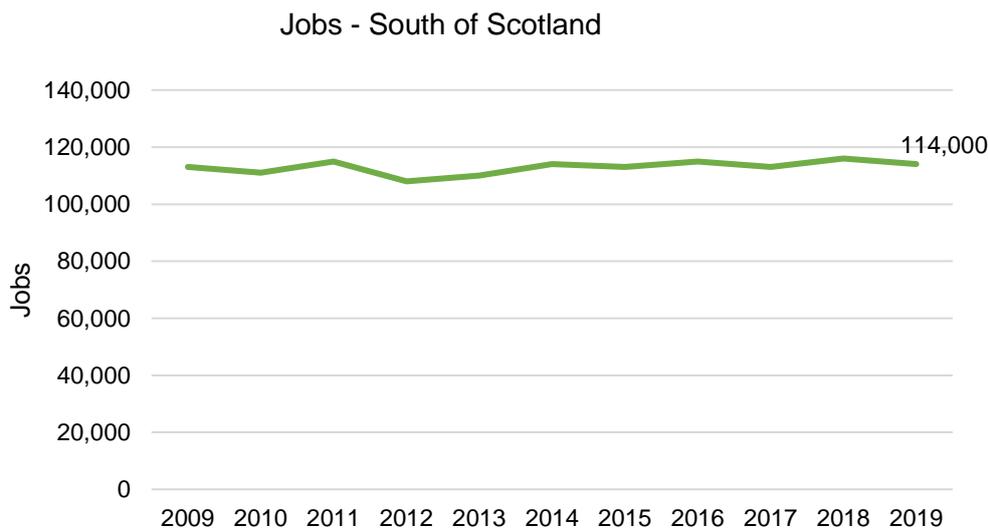
- Local Employability Partnerships are being strengthened to deliver a range of interventions and partners are taking a collaborative approach to ensure we have a skills system responsive to changing demands by working together on the delivery of the refreshed [Highlands and Islands Skills Action Plan 2019-2023](#). This includes new academic pathways; expanding work-based learning; developing and expanding transition training and upskilling & reskilling within the workplace.

## 7. South of Scotland Regional Economic Partnership

**Figure 7.1 – GVA of the South of Scotland** <sup>13</sup>



**Figure 7.2 – Employment of the South of Scotland**<sup>14</sup>



### Regional Aspirations to 2030

The vision for the South of Scotland is to be Green, Fair and Flourishing by 2031. The South of Scotland Regional Economic Strategy has a 10-year timeframe and targets a significant shift in the region's economic performance, its outward profile and the way by which wealth is created and shared. It also seeks a renewed focus on the region's exceptional quality of life and natural capital, to attract a new generation of residents, workers, learners, visitors and investors to the South of Scotland.

The region's ambition is described under six themes:

<sup>13</sup> Source: Gross value added (balanced) - Office for National Statistics. GVA is in current prices.

<sup>14</sup> Source: Business Register and Employment Survey, Office for National Statistics. Workplace based jobs.

- Skilled and ambitious people;
- Innovative and enterprising;
- Rewarding and fair work;
- Cultural and creative excellence;
- Green and sustainable economy; and
- Thriving and distinct communities.

## **Regional Opportunities**

The South of Scotland Regional Economic Partnership area:

- has natural assets and resources to be at the forefront of responding urgently to maintaining nature and actioning the Just Transition to a Net Zero economy;
- can leverage its identity and distinctiveness to secure new opportunities and markets in a period of changing global trading conditions post the UK's exit from the EU;
- is well placed to capitalise on and to increase its profile as a place to do business and live and thus grow and thrive, based on its quality of life, natural capital and investment pipeline;
- has forecast growth and job opportunities in existing key sectors within the region, including health and social care; hospitality; tourism (including outdoor and adventure); construction; wholesale and retail trade; arts, entertainment and recreation and land based industries ;
- has strong and diverse cultural and historic identities and creative industries, built on the particular sense of place and community experience across the South of Scotland; and,
- can build on the agreed funding through the Borderlands Inclusive Growth Deal and the Edinburgh and South East Scotland City Region Deal to support key projects across the South of Scotland.

## **Regional Challenges**

The region's main challenges include:

- a comparatively small and shrinking working age population;
- the need to build investment in all forms of research and innovation;
- weakness in digital infrastructure creating barriers to education and opportunity;
- lower productivity when GVA is used as a measure in comparison to other regions;
- lower skill levels in comparison to other parts of Scotland in working age population.

## **Ongoing and Planned Activity for Region**

The Regional Economic Partnership was formed to strengthen the interface across the public, private and third sectors, to deliver a wellbeing economy, and to secure and enable inclusive and sustainable economic growth across the South of Scotland. It is championing the region and raising its profile, with communities and voluntary

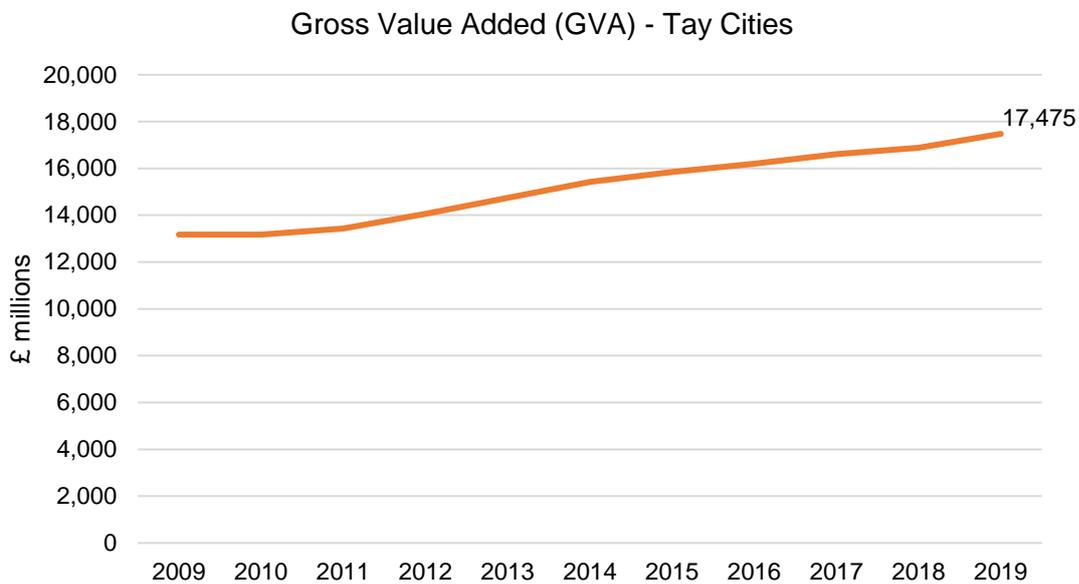
bodies coming together to play an active role in the economy of the region, ensuring sustainable growth is fairly distributed across society and which creates opportunities for all.

The focus of the Regional Economic Strategy goes beyond the focus of traditional economic strategies, and include:

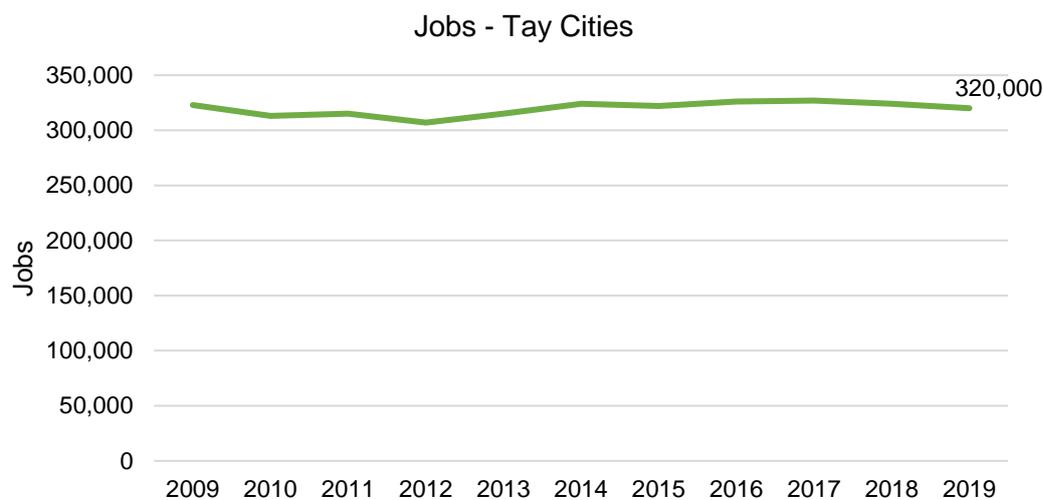
- supporting fairer, more meaningful work;
- finding and developing innovative and creative ways and solutions to bring out the full potential of our businesses and communities;
- transforming towns and town centres and supporting rural development and the resilience of our villages;
- increasing the attraction of the region as a place to live, work and visit;
- developing a stronger offering on developing skills, training, learning and education provision in all its forms and to all ages working in collaboration between schools, colleges and university and other providers;
- creating affordable, desirable and energy-efficient homes and widening housing choice;
- reducing poverty and deprivation;
- building the capability and capacity of social enterprises and the third sector;
- investing in social infrastructure and education to enhance life prospects;
- putting the environment and sustainability at the forefront of growing our economy and communities;
- improving the health and welfare of the most disadvantaged within the region;
- protecting, enhancing and enjoying our abundant natural capital, cultural and heritage assets, and vibrant arts and festivals backdrop;
- building wealth which benefits the local economy, our communities and people (Community Wealth Building), including supporting the development of local supply chains and looking at how to create bigger opportunities; and,
- the Strategy will be used alongside a delivery plan to align partner aims and objectives.

## 8. Tay Cities Regional Deal

**Figure 8.1 – GVA of Tay Cities<sup>15</sup>**



**Figure 8.2 – Employment of Tay Cities<sup>16</sup>**



### Regional Aspirations to 2030

The Tay Cities Regional Economic Strategy (2019-2039) has an overarching ambition to increase the number of businesses and to create more, better-paid jobs across the Tay Cities Region in order to improve access to opportunity and to increase the distribution of wealth and wellbeing within the region. Key targets to 2029 include:

- increasing the regional employment rate to above the Scottish average;
- increasing the 5-year business survival rate to above 50%; and,
- reducing the percentage of jobs in the region that pay less than the Living Wage.

<sup>15</sup> Source: Gross value added (balanced) - Office for National Statistics. GVA is in current prices.

<sup>16</sup> Source: Business Register and Employment Survey, Office for National Statistics. Workplace based jobs.

## **Regional Opportunities**

The region employs around 100,000 people across Scotland's key sectors and has a diverse business base. This puts the region in a strong position to fully capitalise on current and future economic opportunities. There are particularly significant opportunities in:

- energy transition and clean growth;
- international investment;
- advanced manufacturing;
- transport;
- research and innovation; and
- building a life sciences cluster and healthcare.

## **Regional Challenges**

The region's key challenges include:

- low productivity in parts of the region. Investment is needed to deliver the skills and entrepreneurship required to transform the economy;
- increasing costs of doing business (such as energy, construction and material costs) is beginning to hold back recovery from the pandemic. This is keenly felt in the Tay Cities Region, where there are labour challenges and distance from markets is a key issue.
- lack of infrastructure to facilitate growth, which is critical to retaining and expanding businesses in key sectors;
- investment to realise potential linked to net zero faces significant risks; and,
- skills shortages to deliver the net zero potential, and the ability of the labour market to meet economic demands risks some sectors and communities being left behind in the move towards net zero.

## **Ongoing and Planned Activity for Region**

The Tay Cities Regional Deal is a major investment in the regional economy, and includes key projects that will support the region's growth sectors. Projects include: Growing the Biomedical Cluster, Tourism Culture & Investment Programme, cyberQuarter, Advanced Plant Growth Centre, International Barley Hub and Advanced Manufacturing Programme. There are other initiatives to support the region which are in place or being developed, including:

- Michelin Scotland Innovation Parc to support net zero and the move to renewables/clean growth in the manufacturing sector;
- Forth & Tay Offshore Cluster focusing on growing the offshore energy supply chain in East Scotland;
- Regional Tourism Strategy;
- Tayside Engineering Partnership, which draws together expertise in the engineering sector, and;
- Perth Food & Drink Park which is a £7.6m development supporting the food and drink sector in the region.



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