

**REPORT OF ROUNDTABLE WITH SOUTH OF SCOTLAND ENTERPRISE AGENCY:  
DRAFT REGIONAL ECONOMIC STRATEGY FOR THE SOUTH OF SCOTLAND**

In August 2021, the Royal Society of Edinburgh, Scotland's National Academy, hosted a roundtable with the South of Scotland Enterprise (SOSE) on their consultation on the Draft Regional Economic Strategy for the South of Scotland. The roundtable brought together RSE Fellows, Young Academy of Scotland members, members of the RSE Economy and Enterprise Committee and SOSE officials. The roundtable builds on RSE support for establishing a new enterprise agency for the South of Scotland and extensive engagement with SOSE since its creation.

The strategy is wide-ranging and covers several areas of economic and societal importance; therefore, it is crucial that the strategy is aligned with and connected to wider strategies from the Scottish Government, including the recently refreshed Digital Strategy and the Securing a Green Recovery Strategy. Furthermore, more funding may be necessary to achieve notable success in the areas within the strategy; if not, SOSE may need to develop more focused interventions to achieve impact. If the strategy is successful, it will bring significant benefits to the region, and it will be important that the benefits are shared across communities.

Similar to other parts of Scotland, the South of Scotland is facing a demographic crisis; however, this may be more severe in the south. Addressing the demographic crisis will require interventions to attract and retain people to the region through improved education offerings, new jobs, or a better work-life balance. SOSE should lead efforts to bring together efforts to attract people to, and retain people in, the region.

There is a strong business community within the region that contributes to thriving communities. Improving innovation and enterprise will help to attract new people and businesses to the region. Therefore, it is vitally important that SOSE support businesses and entrepreneurs. Collaboration and investment in critical infrastructure will be important to help businesses grow. The Borderlands Inclusive Growth Deal has already initiated collaboration between local authorities and investment in critical infrastructure.

The South of Scotland region has significant assets in natural capital, biodiversity, energy and agriculture, and will be critical in helping Scotland achieve net-zero. The region has experienced significant development in renewable energy projects; while beneficial in decarbonising electricity, these do come at a cost if the local communities are not involved in the planning process. Across the region, there are opportunities to develop new renewable projects. However, these should involve the local communities within the planning process.

Summary

With rising temperatures, the region will likely experience impacts of climate change, yet the strategy does not reference climate adaptation, which will be critically important to create resilient communities. Moreover, the circular economy can benefit the region by reducing emissions and waste and creating savings for businesses and shortening supply chains. SOSE should include more detail on climate adaptation and the circular economy in the final strategy and delivery plan.

The RSE looks forward to continuing to develop its relationship with SOSE and engaging with the agency as it finalises its strategy and publishes its delivery plan.

## Introduction

- 1 The Royal Society of Edinburgh (RSE), Scotland's National Academy, was pleased to have the opportunity to host a roundtable discussion in August 2021 with the South of Scotland Enterprise (SOSE) on the consultation for the Draft Regional Economic Strategy for the South of Scotland.
- 2 The roundtable welcomed RSE Fellows, Young Academy of Scotland members, members of the RSE Economy and Enterprise Committee and colleagues from the South of Scotland Enterprise agency. While the discussion covered the strategy in full, it focussed on the *Strategic Focus* section, which presented priorities in areas including *Skills and Ambitious People, Innovative and Enterprising, Rewarding and Fair Work, Cultural and Creative Excellence, Green and Sustainable Economy, and Thriving and Distinct Communities*.
- 3 This report summarises the discussion and represents the RSE's contribution to the consultation process. Unless specified, it does not represent the views of the RSE, nor has it been endorsed by the meeting participants. The RSE looks forward to engaging with the South of Scotland Enterprise as it finalises its strategy and delivery plan.

## Background

- 4 This roundtable discussion follows extensive engagement between South of Scotland Enterprise and the RSE. Through this engagement, the RSE has supported the creation of a new economic agency for the South of Scotland. This was noted in the RSE response (2016) to the Scottish Government consultation on the Review of Enterprise and Skills Agencies<sup>1</sup> and in our response (2018) to the consultation on a new South of Scotland Enterprise Agency.<sup>2</sup>
- 5 In our response in 2016, we noted that the functions of Highlands and Islands Enterprise could be expanded to encompass rural areas such as the Borders and Dumfries & Galloway. In terms of economic development, the needs of these regions have more in common with the Highlands than they do with the more urban central belt economy. Therefore, we welcomed the decision from the Scottish Government to develop the South of Scotland Enterprise Agency in our response in 2018. This response noted the different circumstances and environment within the South of Scotland, and we presented several recommendations for the Scottish Government to consider when designing the new agency.

<sup>1</sup> The Royal Society of Edinburgh, (2016). 'Review of Enterprise Agencies'. URL: [https://www.rse.org.uk/wp-content/uploads/2016/09/AP16\\_19.pdf](https://www.rse.org.uk/wp-content/uploads/2016/09/AP16_19.pdf)

<sup>2</sup> The Royal Society of Edinburgh, (2018). 'Consultation on a New Enterprise Agency for the South of Scotland'. URL: [https://www.rse.org.uk/wp-content/uploads/2018/06/AP18\\_14.pdf](https://www.rse.org.uk/wp-content/uploads/2018/06/AP18_14.pdf)

## Discussion

### *General Comments*

- 6 It was noted that given its regional context, SOSE has been developed in partnership with the region's local councils and other agencies and bodies. The draft Regional Economic Strategy has been developed by a range of key partners from across the Borders and Dumfries and Galloway through the South of Scotland Regional Economic Partnership. While the strategy is set for ten years, this is flexible, and changes can be made when circumstances and priorities change. The ability to adapt and change the strategy was welcomed.
- 7 Given that the agency will partner with the local councils (including those south of the border within the Borderlands Inclusive Growth Deal), other agencies and bodies, and the UK and Scottish Governments, governance will be critically important. The strategy should be aligned with or connected to the wider strategies of the Scottish Government, including the recently refreshed Digital Strategy and the Securing a Green Recovery Strategy. The role of SOSE in leading the strategy will be important as the agency will be required to maintain the partnership while engaging with other bodies and governments to ensure policies are aligned.
- 8 The strategy is ambitious and covers several areas with strong economic and societal importance. Still, it's unlikely that SOSE has sufficient funding to achieve the objectives or achieve significant success in each of these areas. It is recognised that the funding is tied to a per capita basis and proportionate to the region's population. Therefore, the strategy may need to be more focused to have tangible impact.
- 9 The strategy focuses on wellbeing, and this is welcomed. However, there is no definition of what SOSE means by wellbeing within the strategy. Despite its prominence, wellbeing remains a contested term, and it would be helpful if the SOSE define wellbeing within the strategy.

If successful, the strategy will reap benefits across many different sectors, but this success must be inclusive. The benefits should be felt and shared with the local communities across the region.

### *Skilled and Ambitious People*

- 10 The South of Scotland and Highlands and Islands have similarities within their regional context. In the education sector, the Highlands and Islands have significantly benefited from the University of Highlands and Islands through its hub in Inverness and regional campuses, which has offered the local population the opportunity to learn and develop their skills in their local community. While several universities and two colleges are active across the South of Scotland, more may need to be done to provide a coherent and extensive education offer to the local communities. Digital learning will open up more opportunities for universities and colleges to provide courses to regional communities, which SOSE should aim to build on.
- 11 Scotland is facing a demographic crisis with an ageing population and a declining working-age population. This will be a particular challenge for the South of Scotland. The strategy highlights the need for 800 people per year to migrate to the South of Scotland to balance its population. The actions of SOSE to attract and retain younger people to the region to help address the demographic crisis should be aligned with the Scottish Government's National Population Strategy. New technology and innovation can help address the demographic crisis, particularly in the social care sector. The South of Scotland, given its current demographic context, can be used as a testbed for innovative products to be used within social care, which may encourage more entrepreneurs and businesses to locate to the South of Scotland.

- 12** The pandemic has resulted in more people working from home and adopting a hybrid approach to working. Rural communities have an opportunity to use these changing patterns of work to attract people to move into the region. The region can appeal to people as it can offer a better work-life balance away from the urban environment. The strategy and delivery plan should build on this opportunity. However, the region must improve its digital and transport connectivity to attract people and businesses working remotely to the region. Communities and businesses will require ultrafast (300mb/s-1gb/s) and gigabit (>1gb/s) broadband and access to 4G and 5G. The area must not be left behind as Scotland improves its digital connectivity. There is the potential risk that urban areas will leave rural areas behind as they improve their digital connectivity. Transport connectivity remains an issue in the South of Scotland, despite the success of the Borders Rail, as it is easier to travel through the South of Scotland via the M8, A1, and East and West Coast Mainlines than it is to travel within it.
- Innovative and Enterprising, and Rewarding and Fair Work*
- 13** There are successful business bases that significantly contribute to the thriving communities across the South of Scotland. The Regional Economic Partnership has conducted significant research on the region's businesses, which is documented in the annexes to the strategy. There are several challenges for SOSE, such as ensuring support and investment is tailored to the different needs of a wide range of businesses across the region, ensuring business collaboration, and ensuring that labour is available to grow and develop businesses.
- 14** The RSE has consistently commented on the lack of economic data at a regional level in Scotland. Lack of data will make it difficult to target investment and support.
- 15** The Borderlands Inclusive Growth Deal has helped increase collaboration between the South of Scotland and the North of England. It will bring additional funding to help stimulate the regional economies.
- 16** The strategy rightly places emphasis on the natural capital and biodiversity assets that the region has. However, it is difficult to tap into these resources at scale; with several small communities across the region, the strategy may need to provide greater detail on how it will scale initiatives to benefit local communities.
- 17** Natural capital and biodiversity assets will be crucially important to the economic and societal outcomes of the region. While these assets can be used to support inward investment, it is not clear how they will be measured as GDP is not the most effective means of measuring natural capital and biodiversity. It is to be welcomed that SOSE and NatureScot are working together to explore ways of measuring natural capital more effectively. SOSE is developing investments and support to help improve community ownership of the natural capital and biodiversity assets; a recent example is the Langholm Moor community buyout.
- 18** It is expected that SOSE will have a leading role in increasing employment and attracting people to the area. This may involve investing in projects, collaborating with businesses to improve growth and greater external promotion of the area as a place to live, work and play. New jobs are mainly created by new companies, and research has found that spinouts and start-ups are more likely to create new jobs than long-standing and larger companies. The strategy should therefore include detail on how SOSE will attract entrepreneurs to the area, and encourage and support aspiring entrepreneurs from the South of Scotland to develop their idea in the region.

## *Cultural and Creative Excellence*

- 19** The South of Scotland region has a significant cultural heritage and creative excellence, and the strategy rightly aims to maximise the benefits for communities and the region. SOSE should support the cultural and creative sectors, improving their growth and bringing benefits through increased tourism. It will be important for benefits in tourism to be shared with the cultural and creative sectors and the local communities.
- 20** Tourism is vital to grow the economy and attract people to the region by showcasing the benefits and standard of living. Notably, the Highlands and Islands is the go-to area for tourism in Scotland. We have seen this during the pandemic with the rise of staycations, with the demand for holidays in the Highlands and Islands having increased dramatically. Comparably, it is likely that the South of Scotland does not have as many visitors despite having similar attractions. The strategy highlights that the tourism sector will be important to several themes, particularly rewarding and fair work and cultural and creative excellence. Within its delivery plan, SOSE should document how it will promote the area and partner with VisitScotland and private operators in the tourism industry to attract more people to the area.

## *Green and Sustainable Economy*

- 21** A key aspect of the infrastructure in the South of Scotland is the energy network. Renewables have made a significant difference to Scotland and the South of Scotland, in particular, and will become increasingly important given Scotland's net zero ambitions. It is crucial that new renewable energy infrastructure is developed in cooperation with local communities to ensure they can reap the benefits of such developments. SOSE should be encouraged to explore if they can jointly invest in energy projects.

- 22** Addressing climate change and improving biodiversity will be crucially important to the region, and more may need to be included within the strategy around how this will be done. For instance, there is little information in the draft strategy on climate change adaptation. With temperatures likely to rise regardless of any intervention, some climate change is inevitable. Therefore, the strategy and delivery plan should include detail on how the partnership will work to adapt to climate change to ensure there are resilient communities within the region. The investment landscape is changing with more investment groups looking to invest in climate mitigation and adaptation solutions and sustainability. The strategy should aim to build on this opportunity to attract this investment to the region.
- 23** Furthermore, developing a circular economy within the South of Scotland will be critical to achieving a sustainable economy. However, the term circular economy is not mentioned anywhere in the strategy. Establishing a circular economy can bring numerous benefits to businesses and communities. Businesses and communities need support to understand their environmental impacts and to bring them together to use resources as efficiently as possible.
- 24** A key aspect of the economy in the South of Scotland is agriculture, which has a significant environmental impact. Initiatives to promote sustainable farming should be supported, and a circular economy will be an important component of this. The post-Brexit approach to agricultural support continues to be in the spotlight, and there is an opportunity for domestic support schemes to place a greater emphasis on sustainability.

### *Thriving and Distinct Communities*

**25** The discussion noted that there might be a risk that communities may be too isolated or inward-looking, which could cause challenges in bringing communities together to achieve the aims within the strategy. A key aim of SOSE should be to explore how to bring communities together to achieve the objectives and reduce any competitiveness between communities that may hinder wider economic performance.

### *Additional Information*

Any enquiries about this advice paper should be addressed to Alfie Gaffney, Policy Advice Officer (AGaffney@these.org.uk).

Responses are published on the RSE website (<https://www.rse.org.uk/>)

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