



South of Scotland
Regional Economic Partnership

South of Scotland Draft Regional Economic Strategy

JUNE 2021



Photo credits: SOSE / Borders College / Stella Milsom

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FOREWORD

We are delighted to present a draft of the first ever Regional Economic Strategy for the South of Scotland.

This strategy has been created following extensive and far reaching engagement earlier this year, which saw close to 1,000 individuals, businesses, communities and organisations – covering a diverse range of interests – put forward their views of the opportunities and challenges facing the South of Scotland.

The input from that engagement has helped the Regional Economic Partnership shape this strategy – a vital document for the future prosperity of our region and communities.

It has helped us set out our 10-year vision, built around six essential themes we believe will help create a greener, fairer and flourishing South of Scotland. We want to thank all of those who have contributed, giving their time and sharing their insight which has enabled us to get to this position, including members of the REP and their partner organisations.

In developing our strategy, we have rigorously assessed and identified the opportunities we have in our region, as well as the challenges we need to overcome to achieve our shared ambitions. The richness and diversity of contributions have helped ensure the

strategy captures the distinctiveness of and speaks proudly about the South of Scotland. We are confident, and hope you will agree, that it is a powerful reflection of our region and our ambitions for our future.

We have listened carefully to what people have said. And we now want to provide you a further chance to have your say on the future of the South of Scotland, to refine and strengthen the final version of the strategy.

Our future relies on a full understanding of the views of everyone living and working here in the South of Scotland, so it is important that as many people as possible contribute and provide their views.

This is a fantastic opportunity to ensure our region fulfils its potential and attracts people to live, work, visit, learn and invest in the South of Scotland.

Councillor Mark Rowley – Executive Member for Economic Regeneration and Finance, Scottish Borders Council, Co-Chair of the South of Scotland Regional Economic Partnership

Councillor Rob Davidson - Depute Leader, Dumfries and Galloway Council, Co-Chair of the South of Scotland Regional Economic Partnership

Professor Russel Griggs OBE, Chair of South of Scotland Enterprise

EXECUTIVE SUMMARY

This is the South of Scotland Regional Economic Strategy (RES), developed following extensive engagement and led by the South of Scotland Regional Economic Partnership – a new forum that brings together a wide range of expertise and sets the direction of the South of Scotland economy.

It is a Strategy that celebrates one of Scotland's most distinct and striking regions, which is alive to the region's potential and which charts a course towards an exciting and inclusive future where the benefits of growth and investment are shared by all who have a stake in the South of Scotland. It is all also an honest assessment of the region. It challenges us all to be more confident about the future, to aim higher, to be more open to change, building on what we know makes the South of Scotland special and unique.

It sets out a bold vision, for the South of Scotland to be **Green, Fair and Flourishing** by 2031.

“We will be a region of opportunity – where natural capital propels green growth, quality of life is unmatched, communities are empowered and cultural identity is cherished, attracting a new generation to live, work, visit, learn and invest in the South of Scotland, and enabling those already here to thrive”.

We want to see a South of Scotland in 2031 that is exemplified by its outstanding natural beauty and cultural heritage, diverse economy and resilient people. It will be an area with thriving communities, proud and confident from young to old, benefitting from the quality of life on offer and making best use of technology.

Our approach to developing our vision has been shaped by what the people of the South of Scotland have told us matters to them – core values:

- Shared prosperity;
- Making the most of our potential;
- Thinking differently; and
- Pioneering environmental responsibility.

EXECUTIVE SUMMARY

Our strategy has also been shaped by the need to respond to a range of key influences, which whilst challenging us in the short term also give rise to positive and sustained opportunity. These include

- The climate emergency and transition to net zero carbon;
- Sustained COVID-19 recovery and new economic opportunities;
- New trading relationships now that the UK has left the European Union;
- The future of and changes in the way we work;
- Changing factors of competitiveness including quality of life and natural capital;
- Demographic changes and a need to attract and retain younger adults and sustain rural populations;
- Our strong cultural and historic identities;
- Major funding programmes; and
- The wider and complex policy landscape.

We are committed to moving ahead in an inclusive way, building on new models of economic growth which put well-being at their centre, delivering sustainable and lasting growth that benefits all. Our focus goes beyond those things that are found in traditional economic strategies, recognising what is important to the South of Scotland, including:

- Supporting fairer, more meaningful work;
- Creating affordable, desirable and energy-efficient homes and widening choice;
- Improving the health and welfare of those who are most disadvantaged within the region;
- 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
- Protecting, enhancing and enjoying our abundant natural capital; cultural and heritage assets and vibrant arts and festivals backdrop.

EXECUTIVE SUMMARY

With a 10-year timeframe, our Regional Economic Strategy targets a significant shift in the region's economic performance, its outward profile, and the way by which wealth is created by and shared amongst people. It also seeks to draw a renewed focus on the region's exceptional quality of life and natural capital, to attract a new generation of resident, worker, learner, visitor and investor to the South of Scotland.

To realise our vision, grasp the opportunities and respond to our challenges we have developed a strategic framework. This framework is the anchor point for our Strategy and will drive the impetus of our actions and investments going forward. The framework has six themes each with four priorities (within each theme). Our core values are embedded throughout these and will shape the actions that we take to address the priorities.

No.	Theme	Priorities
1.	SKILLED & AMBITIOUS PEOPLE	<ul style="list-style-type: none"> • Enabling Access to Skills & Training • Attracting & Retaining Talented People • Preparing for the Future of Work • Building Lifelong Learning & Opportunity
2.	INNOVATIVE & ENTERPRISING	<ul style="list-style-type: none"> • Embracing Research & Innovation • Enhancing Business Support Services • Activating Networks & Business Interaction • Creating Flexible & Accessible Workspaces
3.	REWARDING & FAIR WORK	<ul style="list-style-type: none"> • Growing & Diversifying Our Economy • Attracting & Securing New Investment • Improving Productivity & Competitiveness • Securing Fair Working Conditions & Wages
4.	CULTURAL & CREATIVE EXCELLENCE	<ul style="list-style-type: none"> • Celebrating & Enabling Creativity • Championing a New Regional Identity • Investing in Visitor Economy Infrastructure • Boosting Culture & Heritage Assets
5.	GREEN & SUSTAINABLE ECONOMY	<ul style="list-style-type: none"> • Conserving & Managing Natural Capital • Seizing the Economic Opportunity of Transitioning to Zero Carbon • Improving Efficiency of Homes & Buildings • Supporting Community Wealth Building and Growing Regional Supply Chains
6.	THRIVING & DISTINCT COMMUNITIES	<ul style="list-style-type: none"> • Revitalising Towns and Rural Communities • Creating and Sustaining High Quality, Affordable Homes • Enhancing Digital & Transport Connections • Activating Communities & Social Enterprise

EXECUTIVE SUMMARY

Individual partners are committed to working collectively through the REP to develop a delivery plan, which will see a small number of focussed, high-level actions identified for each of the priorities within the strategy's six key themes – following a 'golden thread' approach that makes clear what activities will make the biggest contributions to getting us to where we want to be.

The delivery plan will also set out a number of performance targets linked to the vision at the heart of the strategy, and key indicators through which progress towards these targets can be measured from a clear baseline position. Reflecting the breadth and ambition of the strategy, the approach to measuring success will need to

embrace new and wider measures, going beyond traditional economic measures to capture impacts against social and environmental ambitions. There will be a clear focus on measuring what matters most to the South.

The REP will monitor progress and keep the relevance and effectiveness of the RES and its accompanying delivery plan under review, reporting annually and instigating additional action where needed to keep efforts on track.



Photo credit: Borders College



Photo credit: Borders College

Section 1: Our Vision

This is the South of Scotland Regional Economic Strategy (RES).

It is a Strategy that celebrates one of Scotland's most distinct and striking regions, which is alive to the region's potential and which charts a course towards an exciting and inclusive future where the benefits of growth and investment are shared by all who have a stake in the South of Scotland.

It is all also an honest assessment of the region. It challenges us all to be more confident about the future, to aim higher, to be more open to change, building on what we know makes the South of Scotland special and unique.

RES
South of Scotland
Regional Economic Partnership

Building on a wide range of engagement with local people, businesses, communities and local agencies, the Regional Economic Partnership (REP) – which provides the strategic leadership at the heart of a new regional structure for the South of Scotland – has led the development of the RES; ensuring that it is firmly rooted in the South of Scotland, and our needs and ambitions for the future.

We want our strategy to be transformational. It sets out a bold, fair and sustainable approach for the South of Scotland – a region stretching coast to coast across the south from Eyemouth in the east in the Scottish Borders to Portpatrick in the west in Dumfries and Galloway. It looks ahead to a bright future, with greater optimism, energy and focus than ever before.

We have a clear sense of clarity and purpose drawing on our experience of how the South works, its needs and what sets us apart from other regions. We are relentlessly ambitious for our people, businesses and communities and recognise the opportunity ahead. Yet we also understand what must be achieved if our inclusive vision for the region is to be realised by 2031 and know this can only be delivered by working together – as ‘team’ South of Scotland.

We have a clear vision for the South of Scotland we want to see. Our strategy sets out what we need to do to make that vision real. Our vision is a bold signal of intent and anchors our strategic framework, including the themes, priorities and actions that flow from it. It will be the ultimate benchmark for success and a key reference point when reflecting on all that we do, throughout the full life of the strategy.

We want everyone who lives, works, learns and engages with the region to be inspired by this strategy, to understand the South of Scotland's potential and to be motivated to make a difference. Individually and collectively we hold the key... we are greater than the sum of our parts.

STATEMENT OF OUR VISION

2031 – Green, Fair and Flourishing

We will be a region of opportunity – where natural capital propels green growth, quality of life is unmatched, communities are empowered and cultural identity is cherished, attracting a new generation to live, work, visit, learn and invest in the South of Scotland, and enabling those already here to thrive

Our approach to developing our vision has been shaped by what the people of the South of Scotland have told us matters to them. An approach that celebrates the values that make us distinct and that will help us succeed in the future. They told us they wanted to:

- Share prosperity;
- Make the most of our potential;
- Think differently; and
- Pioneer environmental responsibility.

<p>Sharing Prosperity</p> <p>Our work will emphasise the need for all to gain from opportunity and investment, so that the benefits of growth are shared fairly, and no one is left behind. The South of Scotland will clearly see the rewards from growth across existing and new sectors, communities and people, driving up wages, productivity, job security and satisfaction, whilst also increasing quality of life and personal wellbeing, increasing access to affordable and warm housing and tackling deprivation.</p>	<p>Making the most of our potential</p> <p>We will be driven to ensure the South of Scotland and those who live and do business within it, reach their fullest potential, by growing ambition and showcasing regional excellence. By acknowledging the true breadth of factors underlying our competitiveness, we will support the region to enhance and promote its reputation, where everyone has the chance to grow and excel.</p>	<p>Thinking differently</p> <p>Our approach to developing our economy will be motivated by thinking and doing differently, to ensure the best outcomes are achieved for the South of Scotland. We will use our collective strength to promote innovation, creativity, challenge convention, harness community capacity and spirit, localise responsibility and take bold decisions, to tackle challenges, unlock opportunity and encourage all to think bigger.</p>	<p>Pioneering Environmental Responsibility</p> <p>Environmental sustainability and resilience will be at the core of all we deliver, as the basis for new opportunity, through the nurturing and sensitive use of our natural capital and cultural heritage to transform our visitor economy. How we use our natural assets, including our land and water is key. We will at all times pursue development that is aligned with the delivery of local, Scottish and UK ambitious net-zero emissions targets and those at an international level.</p>
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We want to see a South of Scotland in 2031 that is exemplified by its outstanding natural beauty and cultural heritage, diverse economy and resilient people. It will be an area with thriving communities, proud and confident from young to old, benefitting from the quality of life on offer and making best use of technology.

Green:



- A green economy leader – looked to by others having piloted new approaches to land use and natural capital
- A growing circular economy, supporting local supply chains and giving rise to green and local jobs
- Enhanced, future-proofed and smart energy networks enabling take up of new and zero carbon technologies
- A low carbon society, increasingly resilient to the effects of climate change.

Fair:



- Greater equality of opportunity for all, with people reaching their full potential
- Businesses embracing and championing the benefits of fairer working practices
- A balanced and fair housing market, supporting enhanced wellbeing
- Improved digital connectivity, accessibility and confidence for everyone.

Flourishing:



- More people living in, working in and visiting the South of Scotland
- Vibrant, growing and connected places shaped by empowered communities
- Widely respected centre of entrepreneurship and creativity
- Significant percentage of spending power being retained locally.

Underpinned by:

- Ongoing strong and effective local leadership – with a track record of getting things done through alignment and collaboration
- Established culture of embracing change and adapting to attract industries of the future
- Technologically enabled and globally connected

Section 2: Our Opportunity

This strategy is our opportunity – one which comes at an extremely important time for the South of Scotland. It builds on what has made the region a success to date, recognising its diversity, its natural beauty, and our exceptional people. It heralds a new era, where the shape of our economic success is driven by the people, businesses and communities that are passionate about the region.

REP
South of Scotland
Regional Economic Partnership

With a 10-year timeframe, the RES targets a significant shift in the region's economic performance, its outward profile, and the way by which wealth is created by and shared amongst people. It also seeks to draw a renewed focus on the region's exceptional quality of life and natural capital, to attract a new generation of resident, worker, learner, visitor and investor to the South of Scotland. Throughout, we therefore emphasise the importance of supporting change, whilst retaining the essence of what makes the South of Scotland truly special.

Key to our new strategic impetus is the ability to take control, make decisions locally and speak with a unified voice on behalf of the South of Scotland. With the backing of both the Scottish and UK Governments, the region has an exciting platform from which to do more and go further – at the heart of this are the Regional Economic Partnership (REP), Dumfries and Galloway and Scottish Borders local authorities and South of Scotland Enterprise (SOSE) . Never has there been such momentum, coupled with the ability to seize control of regional agendas, reflecting, and responding to the issues that are most important to local people, communities, and businesses.

At the core of this proposition is Team South of Scotland – not only reflected in the membership of the REP, but also in the sheer breadth and diversity of the organisations and people that helped to develop and who will assist in taking forward this strategy – from the Third Sector , to industry, schools, colleges and universities, national

agencies, the housing sector and local government. As such, a common purpose has never been clearer, the chance to champion the unique qualities of the region never greater, and the ability to make decisions, reflective of grassroots experiences, never more important. The RES captures this unique opportunity to deliver changes that benefit our economy, our people and our natural environment.

Our strategy is also shaped by the need to respond to a range of key influences, which whilst challenging us in the short term also give rise to positive and sustained opportunity. They highlight the need for the region to develop in a way which will secure its underlying resilience – where businesses and people are able to adapt to change, innovating and employed in jobs and that offer interest, security and prospects.

Key opportunities:

- The climate emergency – the region has the natural assets and resources to be at the forefront of the transition to a net zero economy;
- Sustained COVID-19 recovery – the region can learn from the pandemic and is well placed to make changes and investments that will secure a long-term recovery, create new economic opportunity and appeal to a broader audience than ever before;
- New Trading Relationships - the region can leverage its identity and distinctiveness to secure new opportunities and market share now that the UK has left the European Union;

¹ SOSE was established by the South of Scotland Enterprise Act 2019 with the legislation passed by the Scottish Parliament in June 2019 with SOSE assuming its legal powers on 1 April 2020

² Note: The Third Sector includes charities; religious organisations; sporting organisations; community organisations; cooperatives; social enterprises; professional associations; chambers of commerce and welfare organisations.

- The Future of Work – changes in the way we work, supported by digital technology, will bring resilience, increase personal choices, unlock innovation and the spread of smart technologies;
- Changing factors of competitiveness – the region is well placed to capitalise and increase its profile as a place to do business and grow and thrive, based on its quality of life, natural capital and investment pipeline;
- Demographic changes – we need to address demographic trends to find new ways to attract and retain younger adults and sustain rural populations;
- Our strong cultural and historic identities built on our particular sense of place and community experience across the South of Scotland;
- Major funding programmes – the RES will help inform future funding priorities. This will 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. Future funding from the UK and Scottish Governments will unlock more; and
- The wider policy landscape – national, regional and local policies to address priorities such as health, housing, transport, sustainability, digital connectivity, education and skills, inclusion and well-being also set the context.

We are committed to moving ahead in an inclusive way, building on new models of economic growth which put well-being at their centre, delivering sustainable and lasting growth that benefits all. Our focus goes beyond those things that are found in traditional economic strategies, recognising what is important to the South of Scotland, including:

- Supporting fairer, more meaningful work;
- Creating affordable, desirable and energy-efficient homes and widening choice;
- Improving the health and welfare of those who are most disadvantaged within the region;
- 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
- Protecting, enhancing and enjoying our abundant natural capital; cultural and heritage assets and vibrant arts and festivals backdrop.

We want the RES to speak directly to and for the South of Scotland, which is owned by all of us who care about its future success. A large number of people and organisations have shaped the strategy through extensive engagement.. That partnership spirit doesn't end here – collective ownership and a long-term focus will be fundamental over the next decade.



Photo credit: SOSE

Section 3: Our Region

The South of Scotland is a big region, full of natural beauty and rich diversity. With a long history as an important centre of production and trade, a connector of places and bridging point between nations, the region maintains its pivotal role today. The South of Scotland is also different – and proud to be so.

South of Scotland
Regional Economic Partnership

We stand out and our strategic ambitions call for us to accentuate our distinctiveness, seen in our key traits:

- Our strategic location, spanning the English border and Irish and North Sea coastlines
- Our outstanding and beautiful natural landscapes, uplands, rivers and seascapes and abundance of open space and dark skies
- Our unique industrial heritage linked to farming, fishing, forestry, textiles, food and drink
- Our distinct cultures and places, shaped by centuries of history and landmark events
- Our vibrancy, showcased through a rich and diverse tapestry of people and businesses, thriving artists and creative minds
- Our distinctive and fiercely proud, resilient communities
- Our proximity to major urban catchments, including Edinburgh, Glasgow, Carlisle, Newcastle, and Belfast

Our region is undoubtedly shaped and defined by the people who call it home. They are the lifeblood of the economy, a reflection of the history, heritage, culture of the region and fundamental to the future growth and prosperity of the South of Scotland. Our communities are proud of their history, heritage and culture. Our population is dispersed across a region that stretches 250km coast to coast, in many small towns, villages and settlements.

Economic activity in the South of Scotland is influenced by our location, topography, natural features, and the relationships that the region has with Scotland to the north, England to the south and Ireland and Northern Ireland to the west.

The South of Scotland economy is diverse, resilient and dynamic. Some of our main economic activities and businesses are nationally and internationally significant, from forestry and farming including cereals, sheep, beef and large-scale dairy production, to light-engineering, the manufacture of textiles, plastics, bio-medicals, digital fibre and production of food and drink products. We have a diverse business base, with a significant proportion of micro and small businesses. We have the opportunity to ensure that more is made of the value we can add to our raw materials, so that it is kept within our region.

Central to the region's unique character are our business sectors, the composition of which is and will be key to securing the right kind of growth, attracting investment and extending our comparative advantages.

Whilst our region is long-established and distinct, the South of Scotland is undergoing change, transformed through a continued investment in places, infrastructure and the environment. Much of this is allowing us to deliver on our inclusive ambitions already – helping our businesses to grow and expand, our people to retrain, increasing community engagement and activism, enabling better access to services and allowing the benefits of a digital revolution to reach all across the region. This is helping attract more people to our region and expanding our higher education offer. Importantly too, these investments have reinforced the strength of Team South of Scotland and heightened a sense of common purpose.

Central to this change has been an ability for the region to influence, shape agendas and secure investment. We have made great progress here, as a result of landmark Deals and pushing for a greater share of funding for the South of Scotland as well as an increasing recognition of the area in national policies. Through the investments being made in the Borderlands Inclusive Growth Deal and Edinburgh and South East

Scotland City Region Deal in particular, our region is changing for the good – paving the way for new jobs, improved prospects, better connected places and more engaged people. This strategy forms the basis for the region to continue in its pursuit of positive investment, to help the South of Scotland flourish and prosper.

Our approach to securing growth is changing too and the region has gained momentum in many other ways. We are collaborating, new partnerships are being formed and the interface between the public sector and private industry is strengthening. New organisations, such as the South of Scotland Destination Alliance (SSDA) are championing the region and raising its profile, and communities are coming together with the public sector to play an active role in regenerating our towns and villages, revitalising our rural communities and disused and underused sites and buildings. With this fabric in place and a steadfast passion for delivering for the South of Scotland, the region is primed for the next decade of inclusive growth.



Photo credit: Borders College

While the South of Scotland's economic story is one of diversity, reinvention and uniqueness, our region, like many others, also faces a number of challenges which need to be overcome.

Issue	Key Evidence	But...
<p>We have an ageing, declining population which is putting pressure on services and labour supply</p>	<ul style="list-style-type: none"> • Comparatively small and shrinking working age population • Region has highest dependency ratio in Scotland (over 70%) • 39,000 job openings are forecast from 2019-2029 • Higher numbers of retirees driving economic inactivity 	<ul style="list-style-type: none"> • Region's quality of life is a key attractor for those reevaluating lifestyle choices post COVID-19 pandemic • Region well positioned to draw on labour from a large catchment area straddling both sides of the border and further afield particularly given era of increased remote working • Experience and knowledge of resident retirees can bolster voluntary sector and support active communities • Region is well positioned to be a test bed for new models of and innovation in social care, assisted by deployment of smart technologies
<p>Our economy is changing, creating the need for investment in people, skills and infrastructure</p>	<ul style="list-style-type: none"> • Greatest job losses seen in: Mining and Quarrying (-50%); Public Administration and Defence; Compulsory Social Security (-33%); Financial and Insurance Activities (-20%); and Manufacturing (-14%) • Manufacturing expected to lose up to 1,800 jobs by 2029 	<ul style="list-style-type: none"> • Region well positioned to capitalise on new opportunities associated with natural capital, energy and land use – with a number of active national pilots and firsts including the Regional Land Use Partnership and Natural Capital Measurement Approach. • Borderlands Inclusive Growth Deal and Edinburgh and South East Region City Deal provide a strong pipeline of new investments • Region now has a dedicated economic development agency in the form of SOSE • Untapped potential associated with, and a growing momentum of, creative industry start ups and entrepreneurship

OUR CHALLENGES

SECTION 3 – OUR REGION

<p>Some of our jobs pay poorly, are insecure and are limiting standards of living for people across the South of Scotland</p>	<ul style="list-style-type: none"> • Median annual wages are around £3,000 less than Scotland • ~9% more people earn below the living wage in the region, versus the Scottish average • Out-commuters earn more than those working in the region • Gender pay gap four times greater than Scottish average in parts of the region 	<ul style="list-style-type: none"> • Our residents and workers report higher levels of life satisfaction versus other comparator areas • Strong commitment to fair work which is central to SOSE's interests • Era of remote working post the COVID-19 pandemic affords increased accessibility to higher paid jobs beyond the region's boundaries
<p>Our businesses are not investing enough in research and innovation and we create fewer new/start-up businesses</p>	<ul style="list-style-type: none"> • £60 per head of business expenditure on research and development in the region in 2019, compared to a Scottish average of £258 per head • Lower business births per 10,000 adults in 2019 than Scotland • Other areas of Scotland are creating more high growth firms 	<ul style="list-style-type: none"> • Our start-ups have a better chance of growing, with 3 year survival rates higher than the Scottish average • The region is comparatively more reliant on self-employment, highlighting our enterprising spirit • We are not subject to the same land and infrastructure constraints as other areas, being well positioned to attract inward investment • Establishing the region as one which embraces innovation and fosters entrepreneurship is central to SOSE's vision as the region's new and dedicated development agency
<p>Infrastructure deficits are holding back growth, inclusivity and reducing our region's attractiveness</p>	<ul style="list-style-type: none"> • Lack of full fibre broadband and mobile coverage in rural areas is leaving the region exposed to a growing digital divide • Rates of new home building lag Scottish trends by a considerable margin • Public transit a barrier to accessing jobs, services and education 	<ul style="list-style-type: none"> • Strong momentum of upgrading digital infrastructure with further investment forthcoming from Borderlands Inclusive Growth Deal and Crichton Campus selected as a national pilot for rural 5G deployment • Strong and visionary Registered Social Landlord sector, working more collaboratively with each other and the private sector than ever before • Workforce mobility pilot being progressed in Scottish Borders drawing on funding from Edinburgh and South East City Deal – with potential to expand across the whole of the South • Explicit commitment to expansion of key railway lines within SNP and opposition manifestos.

OUR CHALLENGES

SECTION 3 – OUR REGION

<p>We are falling behind others in terms of productivity, reducing opportunities for shared prosperity</p>	<ul style="list-style-type: none"> • Regional GVA per head ~£6,000 lower than national average • GVA per job in region was 70% of the national figure in 2019 • Human Health and Social Care by far the largest sector but generated third highest total GVA in 2018 • Regional uplift in GVA of 1.4% through to 2029 (Scotland 1.7%) 	<ul style="list-style-type: none"> • The Borderlands Inclusive Growth Deal has shared prosperity for all at its heart • Increasing productivity is a key priority for SOSE as the region's new and dedicated development agency • The South is performing well from a broader well-being economy perspective
<p>Our region has some areas of high deprivation which are limiting mobility, health and economic participation</p>	<ul style="list-style-type: none"> • Burnfoot, Langlee, Lochside and Lincluden are amongst the 20% most deprived areas in Scotland • 69% of people are overweight or obese – 4% higher than the national average • 46% of people in the region report long-term illnesses 	<ul style="list-style-type: none"> • Community vitality and health has been boosted by an active network of Third Sector organisations • Unemployment remains low with collaborative, well established and effective employability support in place. • Both of the region's Councils are actively implementing anti-poverty strategies • SOSE as the South's dedicated development agency is remitted to further the social as well as economic development of the region
<p>Our people are less likely to attain higher level skills, harming growth and accentuating skills gaps</p>	<ul style="list-style-type: none"> • 7% fewer people hold a degree level qualification in the region versus the Scottish average • The employer and workforce skills gap has been growing • There is evidence of skills underutilisation in local jobs, meaning skills are not being put to their most effective use 	<ul style="list-style-type: none"> • Regional Skills and Investment Plan in place with its delivery being overseen by a dedicated education and skills strategic coordination group as a subgroup of the REP • Ambitious regional colleges working increasingly collaboratively, including on a new green skills academy • Ongoing investment in higher and further education infrastructure, including multi-million-pound creation of South of Scotland Skills and learning Network digital learning platform • Our skilled graduates are more likely to access employment or further education than the national average

<p>Our region is not making the contribution to Scotland's decarbonisation targets that it could</p>	<ul style="list-style-type: none"> • Some of our largest sectors face the biggest challenges to reduce and eliminate their carbon footprint • Car ownership a challenge in context of low carbon agenda • Electrification of power and heating infrastructure has some way to go to support greater renewable energy capacity • Despite being a major exporter of renewable energy - producing approximately three times more electricity than it consumes - more could be done to ensure investments generate local green jobs and supply chain opportunities. 	<ul style="list-style-type: none"> • Both Dumfries and Galloway and Scottish Borders Councils have declared climate change emergencies • Borderlands Inclusive Growth Deal is funding a regional energy masterplan with an ambition to establish a regional energy investment company • Genuine collective will to accelerate and lead the way in transitioning to zero carbon, as demonstrated through the work of the South of Scotland Energy Transition Group • Opportunities to develop nature based solutions utilising the regions Natural Capital are being actively explored and piloted.
<p>COVID-19 poses a significant threat to economic recovery and the UK's exit from the EU has created further uncertainty</p>	<ul style="list-style-type: none"> • Accommodation and Food Services have seen the greatest losses in turnover as a result of COVID-19 • The pandemic has had a more severe effect on smaller businesses, which dominate the regional economy • The claimant count spiked at 5.1% in 2020, a 78% increase from the previous year and likely driven by the pandemic • The region is estimated to be hit harder economically by Brexit compared to Scotland as a whole due to its industrial base • South of Scotland is more reliant on EU trade and exports, meaning that trade disruption shocks could be larger • Reformed agricultural policy and investment streams have created uncertainty for agriculture and land-based industries 	<ul style="list-style-type: none"> • The need to adapt to survive the COVID-19 pandemic has increased the appetite of organisations across the region to embrace change and hence innovate. • COVID-19 response has left a legacy of strengthened collaborative working across agencies and has energised and increased the resilience of many of our communities • EU Exit is presenting a number of new trading and local supply chain replacement opportunities with SOSE in place to support an increased number of businesses with international and growth ambitions • Increased uncertainty has amplified the importance of and willingness to develop more localised supply chains



Section 4:

Our Strategic Focus

To realise our vision, grasp the opportunities and respond to our challenges we have developed a strategic framework. This framework is the anchor point for the RES and will drive the impetus of our actions and investments going forward. The framework is reflective of the whole of the South of Scotland as a place, is alive to future opportunities and draws on our honesty in terms of the things that are holding the region back and where the economy is failing to meet the needs of residents, businesses and the environment.



The logo for the South of Scotland Regional Economic Partnership (RES) features the letters 'RES' in a large, stylized, outlined font. The 'R' is the tallest, followed by the 'E' and 'S'. The letters are white and set against a dark blue background. Below the letters, the text 'South of Scotland' is written in a bold, white, sans-serif font, and 'Regional Economic Partnership' is written in a smaller, white, sans-serif font below it.

South of Scotland
Regional Economic Partnership

Our strategic framework has six themes each with four priorities (within each theme). Our four core values set out in section 2 are embedded throughout these and will shape the actions that we take to address the priorities. Key to the delivery of the RES and fundamental to achieving transformational change in the next 10-years, will be the positive behaviours that the Regional Economic Partnership demonstrate. This will ensure our ambition is not sacrificed, our voice will be heard and there will be collective ownership of the RES. These behaviours are:

- Leadership: providing a singular, powerful voice to represent the interests for the South of Scotland and to influence the right decisions at the right times in the right places
- Influence: communicating confidently and boldly about the region to get the best outcomes for the South of Scotland and raise its profile
- Accountability: taking ownership through good governance, monitoring and transparency



Photo credit: Visit Scotland

We will build on existing efforts to develop our people and attract new talent to the region to support the success of sectors important to our economy, create and fill the jobs of the future and ensure everyone has the skills and adaptability to thrive throughout their lives.

Priorities:

Enabling Access to Skills & Training

- Skills and training will be open and accessible to all, physically, financially and virtually, unlocking job prospects, encouraging economic participation, driving career progression and making sure people's skills are aligned with the needs of our economy.
- Prioritising further development of connectivity and collaboration between providers and employers will ensure that skills gaps and shortages are addressed to support curriculum changes, whilst also increasing awareness and access to higher education, apprenticeships and work-based learning. This needs to recognise the contribution of institutions and the third sector.

Attracting & Retaining Talented People

- The region has the opportunity to attract a new generation of talent to the area by virtue of its quality of life, diversity of jobs and cultural offer, including those who have previously left the region, to increase access to skilled labour, introduce new ideas and drive entrepreneurship.
- We must build on existing partnerships to do more to promote and communicate local career opportunities, the breadth of jobs available and encourage people to stay within the region, by being inspired to know more about the modern-day reality of the South of Scotland's sectors, occupations, businesses and key projects.

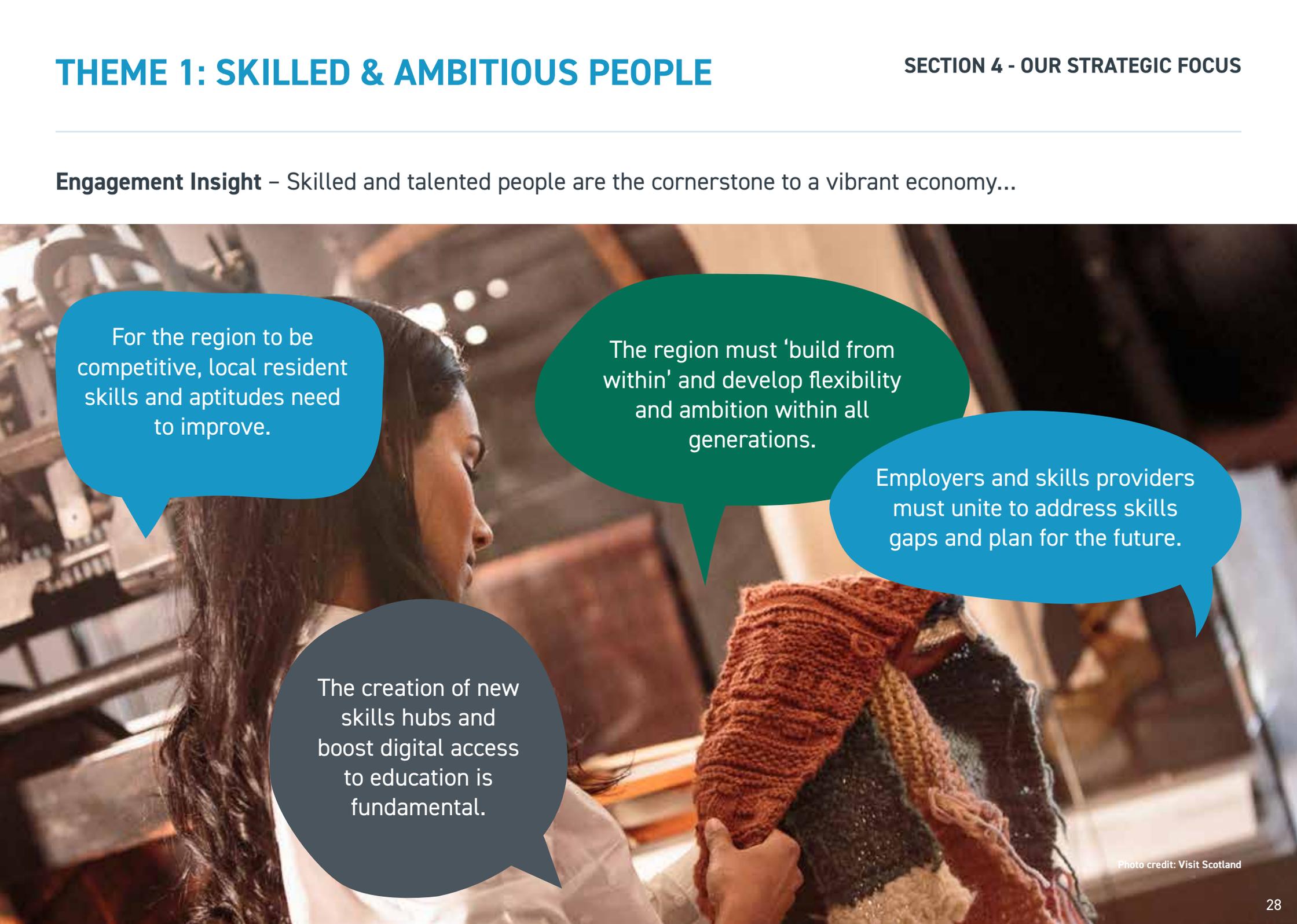
Preparing for the Future of Work

- Our skills system must be forward looking and proactively providing people with the skillsets and judgement needed to succeed in future jobs and thrive in a changing workplace, such that people young and old have the balance and depth of skills needed to flourish.
- Our people will need to be characterised by adaptability, flexibility and resilience, alongside a grounding in higher level, technical and digital skills that will be demanded from businesses across all sectors.

Building Lifelong Learning & Opportunity

- The region's demographics and economic inactivity challenges mean that lifelong learning and development will be critical to an inclusive economy, to ensure all generations make a positive contribution and share in the rewards.
- It will be important that people feel valued and that the places where they live have the systems, networks and infrastructures in place to support happy, healthy and productive living and working environments – starting from a young age and upwards.

Engagement Insight – Skilled and talented people are the cornerstone to a vibrant economy...



For the region to be competitive, local resident skills and aptitudes need to improve.

The region must 'build from within' and develop flexibility and ambition within all generations.

Employers and skills providers must unite to address skills gaps and plan for the future.

The creation of new skills hubs and boost digital access to education is fundamental.

We will strengthen the region's role as a hub for research, innovation and enterprise, working across the private, public and third sectors to propel business starts, resolve localised challenges, achieve more for less, drive productivity and attract new investment.

Priorities:

Embracing Research & Innovation

- Innovation – in its simplest sense of finding new and better ways of doing things – is not happening as much as it could be, leading to an opportunity cost for businesses and the economy, limiting productivity and meaning the region is lagging within a key area of competitive advantage, versus its peers.
- More will be done to embed innovation within the culture of all organisations, to support greater collaboration and knowledge transfer and to better promote the region as a hub of research excellence, building on existing investments in service design and delivery, farming, cycling, textiles and food and drink manufacturing ensuring that we maximise the value to the region.

Enhancing Business Support Services

- The region benefits from a wide variety of business support, in place to promote growth and ambition, but more will be done to ensure that this support is easy to access, the offer understood and gaps in provision addressed.
- Opportunities will be actively pursued to simplify, sharpen and proactively promote business support, to maximise engagement and ensure businesses are reaping the benefits, including more dedicated provision for social enterprise, community organisations and those with a charitable cause.

Activating Networks & Business Interaction

- There is an acknowledgement that softer support and informal networks can be invaluable to small businesses and start-ups, providing business leaders with access to insight, experience and advice, which can lift confidence, raise ambition, overcome risk aversion and increase prospects for growth.
- Boosting the capacity of formal and informal networks, helping people to make connections and building peer-to-peer interfaces will be a key part of our business support and enterprise offer and should tap into the full extent of experience and knowledge across the South of Scotland.

Creating Flexible & Accessible Workspaces

- We will respond to changing patterns of work and the region's rural characteristics by developing more accessible, dynamic and flexible workspaces, which will provide the space, technology and support needed to develop thriving businesses and people.
- There is a strong rationale for these to be co-located within more developed social and economic hubs, where economies of scale and the benefits of access to research expertise, collaboration space and graduates will come to fuller fruition.

Engagement Insight - Now is the opportunity to be bold and enterprising in pursuit of growth...

Innovation and R&D needs to be better understood and valued by businesses in the region.

The business support offering is comprehensive but also perceived as complex and confusing.

Peer-to-peer networks are invaluable for sharing skills, knowledge and helping to inspire.

Innovation skills need to be prioritised in education, training and business support contexts.

As with innovation, entrepreneurial skills have to be a foundation of the education system.

In order to establish an inclusive economy, we will create and invest in employers which offer jobs that generate localised wealth, pay a fair wage, offer decent conditions, diversity and long-term career structures for young people, leading to employee happiness and contentment.

Priorities:

Growing & Diversifying Our Economy

- The region has considerable sectoral strengths, including in agriculture, forestry, manufacturing, generation of renewable energy, creative industries, human health and social care, tourism and accommodation, and food services; all of which will be built upon through investment and support, creating more secure and fulfilling jobs.
- Our history tells us that the pursuit of growth should not be at the expense of economic diversity and the resilience this brings, which allows the region to sustain a rich variety of jobs that create inclusive opportunity and plays a key role in the South of Scotland's vibrancy.

Attracting & Securing New Investment

- We will work harder to attract external investment from both the public and private sectors, to attract new businesses to the region from Scotland, the UK and internationally that can bring well paid and skilled jobs and new ideas to the area, creating a sense of momentum that will attract further interest.
- We will ensure Inclusive Growth and City Deals and the pipeline of projects that have secured investment are a catalytic catalyst for the South of Scotland, drawing new businesses and institutions to the area, building around existing clusters and regeneration opportunities.

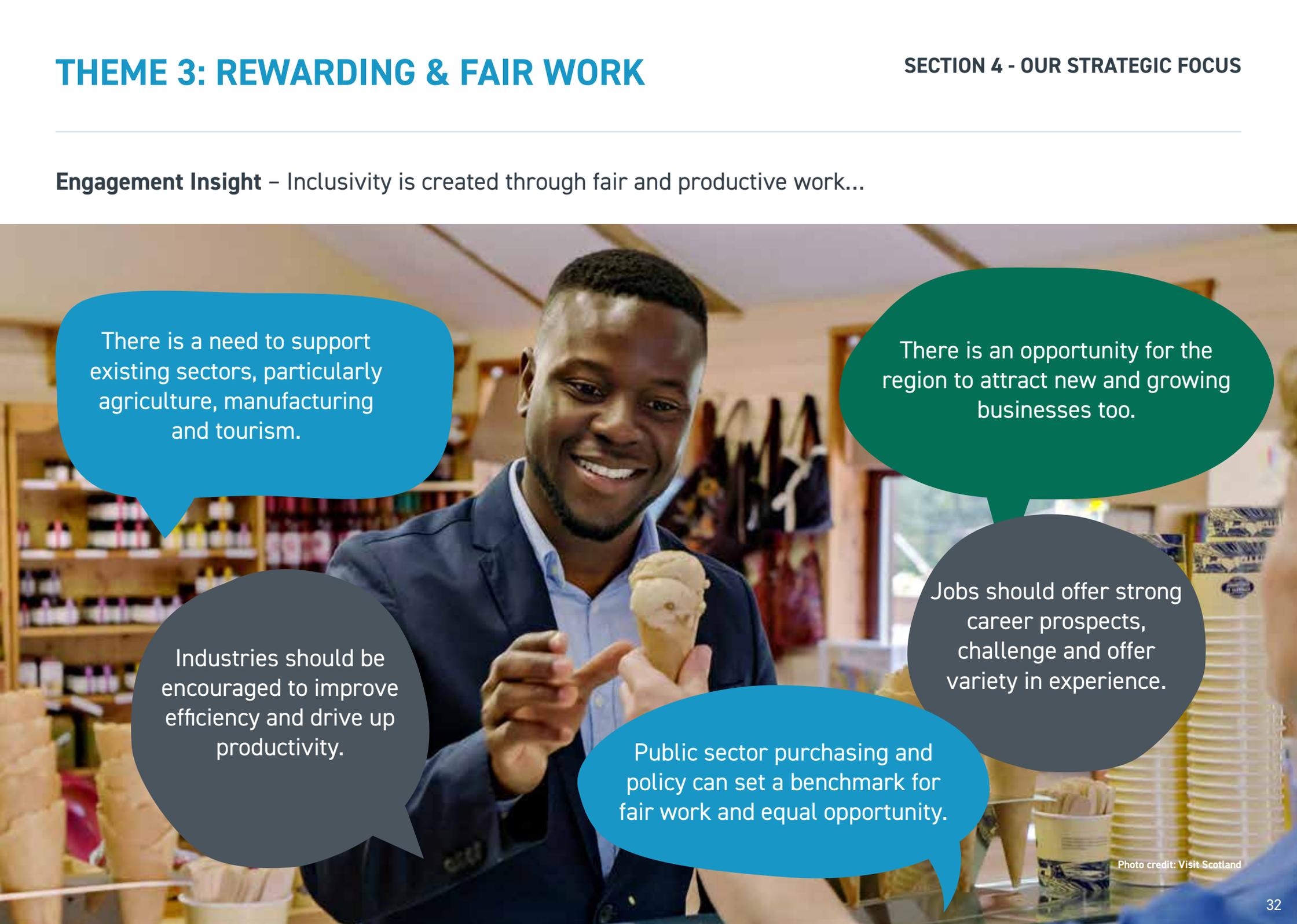
Improving Productivity & Competitiveness

- Our businesses will be encouraged and supported to embrace technology, pursue new markets, develop new products and services and focus on building the capabilities of their workforces, that will be a platform from which to improve efficiency, create more productive jobs and increase business resilience.
- It is vital that businesses understand the importance of continual improvement, the benefits of collaborating with local institutions and that investments in technology can be transformational to their operations.

Securing Fair Working Conditions & Wages

- Whilst the productivity of jobs is important, to be truly inclusive we will seek to ensure that employment is offered to a diverse range of people on fair terms and conditions, taking account of the living wage, workers' rights and the use of contracts that offer secure, satisfying and sustainable opportunity.
- More will be done to ensure work opportunities are accessible to the region's young people, women, long-term unemployed, economically inactive and disabled, building on national initiatives and ensuring the public sector takes the lead through responsible policies and procurement.

Engagement Insight – Inclusivity is created through fair and productive work...



There is a need to support existing sectors, particularly agriculture, manufacturing and tourism.

There is an opportunity for the region to attract new and growing businesses too.

Industries should be encouraged to improve efficiency and drive up productivity.

Jobs should offer strong career prospects, challenge and offer variety in experience.

Public sector purchasing and policy can set a benchmark for fair work and equal opportunity.

Photo credit: Visit Scotland

Based on its social and economic value and its potential as a catalyst for growth, we will better celebrate the region’s physical and globally renowned intellectual heritage, traditions and active lifestyle offer and position culture and creative industries at the heart of our thriving economy.

Priorities:

Celebrating & Enabling Creativity

- We will seize the genuine opportunity to position creative enterprise at the heart of the regional economy, recognising the role it has in supporting our tourism offer, but also as a result of its social and economic value and the potential for it to strengthen community cohesion.
- The creative sector will need a variety of interventions to support its development, whilst ensuring that the links with skills and education providers are building an interest in and awareness of creative careers.

Championing a New Regional Identity

- We will broaden the region’s appeal and develop an identity which speaks more loudly to the area’s character, unique culture, active lifestyle offer and exceptional quality of life, such that awareness is raised, and the South of Scotland stands distinct from others
- There is momentum in place from which we will develop a stronger regional brand and identity, which will drive a greater tourism presence, support inward investment messaging and ensure the region is well-placed to further secure backing for its creative and cultural industries. This will help ensure people are attracted to our region to live, work, visit and learn.

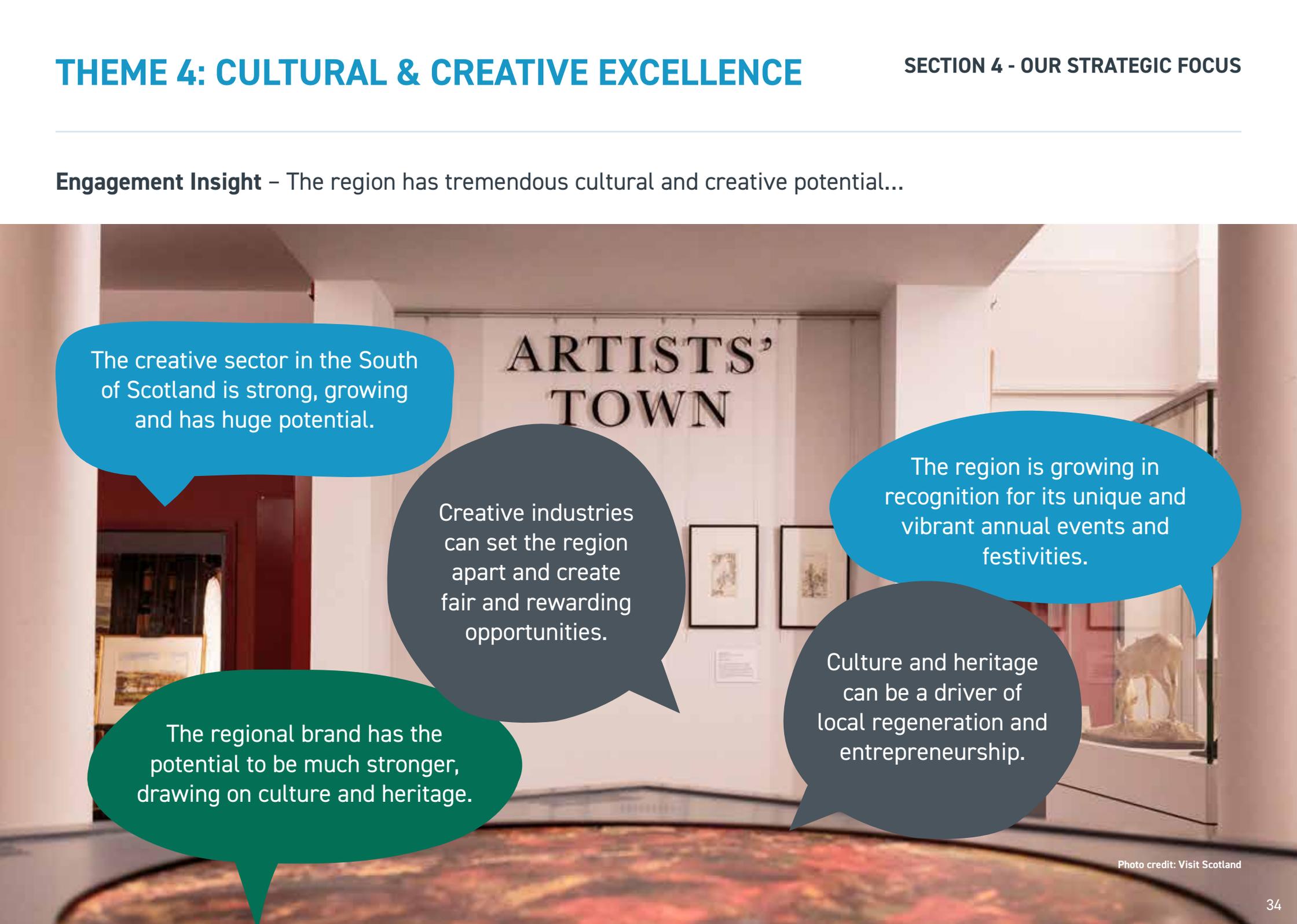
Investing in Visitor Economy Infrastructure

- The visitor economy has huge potential based on the region’s natural capital, location, pre and post pandemic trends, growing international reputation for outdoor sport and as a result of investments being made in attractions, facilities and infrastructure, but more will be done for it to keep pace with expectations and to compete with neighbouring regions.
- There are key constraints holding back the sector, including skills gaps, infrastructure deficits, low innovation, environmental management concerns and lack of well-marketed attractions, which must be significantly improved. A new more robust sustainable vision for the sector will be needed as part of reset and longer-term recovery planning – taking more care of social and natural capital, encouraging longer term investment and growth of local talent.

Boosting Culture & Heritage Assets

- The South of Scotland is truly distinct as a region in cultural terms, with a heritage all of its own, exemplified by its historical significance and the rich tapestry of landmarks and events that lie within its boundaries, which in some cases, remain undiscovered, untold and underdeveloped.
- The cultural draw of the area is constrained by underutilised assets, non-productive buildings and a lack of rural diversification that will be reimagined, brought into the best and viable use and strengthen the region’s history and heritage further.

Engagement Insight – The region has tremendous cultural and creative potential...



The creative sector in the South of Scotland is strong, growing and has huge potential.

Creative industries can set the region apart and create fair and rewarding opportunities.

The region is growing in recognition for its unique and vibrant annual events and festivities.

The regional brand has the potential to be much stronger, drawing on culture and heritage.

Culture and heritage can be a driver of local regeneration and entrepreneurship.

In order to meet our net zero emissions goals, improve wellbeing and create new economic opportunity, we will harness the full potential of our natural resources and approach to land use to further improve our quality of life; develop our visitor offer; enhance our resilience; and to deliver cleaner energy and greener jobs.

Priorities:

Conserving & Managing Natural Capital

- The region has made progress in managing its resources in a more sustainable way, implementing better land management, decarbonising farming, forestry and fishing processes and generating more renewable energy, but there is scope for this to and we will go further – and the South to be seen as pioneering - so that more is made of our natural capital whilst preserving and enhancing it.
- There is evidence to suggest that our region can go further in harnessing the social and economic benefits of natural capital, by better understanding its depth, breadth and future potential and embracing innovation and technology to: add to its appeal in underpinning tourism; protect biodiversity; lower carbon footprints; and develop nature based solutions to problems.

Seizing the Economic Opportunity of Transitioning to Zero Carbon

- The region needs to develop renewable heat and power, and the infrastructure needed to move it around our large rural geography, to support the greening of our homes, workplaces and transport and deliver against Scotland's legally binding targets to reduce and eliminate our carbon footprint.
- With development opportunities of national significance and work on a regional Energy Master Plan taking place, we will also prioritise investment in energy in the context of creating green jobs, supporting the visitor economy and providing opportunities for communities to pursue energy self-sufficiency.

Improving Efficiency of Homes & Buildings

- The collective challenge of adapting homes to be low carbon, including a requirement to meet future Energy Efficiency Standard Social Housing milestones, presents a significant economic opportunity for the region and an anchor investment point for community wealth building, creating green jobs and supporting local supply chain development.
- Planned changes to housing condition and energy efficiency legislation and standards at the national level, will be prepared for and greater collaboration across tenures forthcoming in response to help identify and implement solutions.

Supporting Community Wealth Building and Growing Regional Supply Chains

- The South of Scotland has benefitted from an increased awareness of and commitment to sourcing locally as a result of the COVID-19 pandemic and local campaigns, creating a platform from which we will go further, sourcing local services and products to retain wealth – including the significant spending power of local anchor institutions – and reduce environmental impact.
- We will better connect local firms within key sectors, commercial centres and rural areas, to build awareness of local services and increase the commitment to developing supply chains within the region.

Engagement Insight – Growth must be green, sustainable and net zero...



There is an appetite to harness natural resources which to speed up a just transition.

Helping local communities to be self-sufficient, will support quality of life and inclusivity.

Clean energy has huge potential in the region and must be the foundation of growth.

There is a growing awareness of the circular economy but this needs sustained momentum.

Boosting local supply chains and encouraging people to buy local are key to decarbonisation.

In order to be attractive and competitive and showcase the best of the region, we need to make the South of Scotland exceptional, emphasising quality of life, connectivity, amenity and vibrant neighbourhoods.

Priorities:

Revitalising Towns and Rural Communities

- There is a need and an opportunity to ensure the region's key economic centres are regenerated and repositioned as viable and liveable places, with an appropriate mix of retail, amenity, facilities, public realm and visitor attractions – in turn supporting the vitality and attractiveness of the expansive rural hinterlands which they serve.
- Focused regeneration will help secure new investment, attract new people, build community cohesion and reintroduce vibrancy back to town centres, and also provide and land and space for places to grow.

Creating and Sustaining High Quality, Affordable Homes

- We will increase the supply of housing, deliver more affordable homes and ensure current homes are well maintained and continue to keep pace with changing needs and expectations. Central to this is creating a balanced and fair housing market which affords all the opportunity to gain and sustain independence, grow and improve their prospects in terms of health and wellbeing.
- Ambitious house building will help to better integrate generations, attract new people to the area and ensure those farthest from the labour market have a stable platform from which to progress and prosper.

Enhancing Digital & Transport Connections

- There is an urgent need to provide businesses and homes with seamless, fast and affordable digital connectivity, as the basis for working, training, learning, social interaction, service access and innovation, which must recognise the convergence of fixed and mobile broadband and the expectation that devices are always connected.
- The region also needs to rapidly enhance transport connectivity within key locations, establish new and innovative models of public transport delivery and build on road and rail investments, to improve connections within and outwith the South of Scotland.

Activating Communities & Social Enterprise

- Communities have a key role to play in shaping places, tackling local challenges and developing social and economic equity, by harnessing local expertise, capacity and self-subsidiarity and need greater and more sustained support to enable this to happen.
- There are significant imbalances between the opportunity and ability for social enterprises and the Third Sector to build capacity and make a difference which requires targeted action, systemic change and greater flexibilities introduced within public procurement.

Engagement Insight – The Importance of thriving and distinct places is paramount...

Our people value their localities and want to see them thrive while retaining their distinctiveness.

Quality of life is a key strength for the region, and must be maintained.

Town centres need a new economic, social and cultural purpose.

Young people want places to live that give them access to work, amenity and nature.

Places and communities need to be well connected, both within and with other places.

Section 5: Approach to Delivery

To realise our vision, grasp the opportunities and respond to our challenges we have developed a strategic framework. This framework is the anchor point for the RES and will drive the impetus of our actions and investments going forward. The framework is reflective of the whole of the South of Scotland as a place, is alive to future opportunities and draws on our honesty in terms of the things that are holding the region back and where the economy is failing to meet the needs of residents, businesses and the environment.

RES
South of Scotland
Regional Economic Partnership

Individual partners are committed to working collectively through the REP to develop a delivery plan, which will see a small number of focussed, high-level actions identified for each of the priorities within the strategy's six key themes – following a 'golden thread' approach that makes clear what activities will make the biggest contributions to getting us to where we want to be.

The intention is to prepare a delivery plan which has a three year rolling focus – enabling the REP to have a persistent and sustained focus. More detail will be captured for those actions across year one, with a proportionate amount of detail included for those actions across years two and three depending on their nature and degree of priority.

The delivery plan will act to bring together, and in doing so afford a better understanding of, what activities are underway or planned by partners to address the Strategy priorities. It will therefore comprise of a mixture of existing and already committed activities - the continued and effective implementation of which remains critical

- as well as new activities and interventions, where a fresh approach is required. Its focus will be on strategic activities as opposed to attempting to capture all activities which are or could make a contribution – noting however that these more detailed and localised efforts are important too.

The process of preparing the delivery plan will also help identify gaps, where no activity is taking place or planned, with a view to enabling collective agreement about what needs to happen in response.

The delivery plan is to be worked up in parallel to consultation on this draft strategy, affording partner organisations – and others – more time to take stock of the priorities within and to consider their response and ultimately contributions. The intention is for a delivery plan to be in place alongside the RES when it is published in its final form later in 2021.

Whilst the REP will own the delivery plan, the specific actions within will be the sole or joint responsibility of individual partner organisations. Such an approach recognises that individual partner



organisations will have their own governance and approvals processes in place. It also gives partners the flexibility they need to determine the appropriate detailed focus and how best they can creatively deploy their resources to have maximum effect in a way which also contributes to wider objectives they may have.

The REP's role will, aside from providing sustained strategic leadership at the heart of the new regional operating arrangements, be one of strategic oversight. It presents a forum through which it will enable partners efforts to be better aligned and co-ordinated, helping efforts to go further and more to be achieved for less.

Through its oversight role, the REP will also provide an important opportunity to hold individual partner organisations to account, making sure they are stepping up to do their part and following through on commitments made.

MEASURING PROGRESS

The delivery plan will also set out a number of performance targets linked to the vision at the heart of the strategy, and key indicators through which progress towards these targets can be measured from a clear baseline position. Reflecting the breadth and ambition of the strategy, the approach to measuring success will need to embrace new and wider measures, going beyond traditional economic measures to capture impacts against social and environmental ambitions. There will be a clear focus on measuring what matters most to the South.

The REP will monitor progress and keep the relevance and effectiveness of the RES and its accompanying delivery plan under review, reporting annually and instigating additional action where needed to keep efforts on track.



