

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	22 January 2019
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	New Enterprise Agency for the South of Scotland - South of Scotland Enterprise (SOSE) Bill
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1. Purpose of Report

1.1. The purpose of the report is to:-

- advise Committee of the progress towards the establishment of a new South of Scotland Enterprise Agency (SOSE); and
- note the Scottish Government invitation for comments on the Parliamentary Bill

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:-

- (1) that the formation of a new South of Scotland Enterprise Agency (SOSE) be noted;
- (2) that the response to the consultation, detailed as section 5 of the report, submitted to the Scottish Government by 7 January 2019 be approved as the formal Council submission; and
- (3) that the progress in the establishment of the new agency be monitored and an update report submitted to a future meeting of the Committee as appropriate.

3. Background

- 3.1. In May 2016, the first Minister announced an 'end to end' review of Enterprise and Skills support in Scotland. The review included the creation of a new Enterprise Agency for the South of Scotland to meet the distinct economic needs of the region and its communities. The new agency would cover Dumfries and Galloway and Borders Councils.
- 3.2. The Scottish Government made a commitment that the South of Scotland should have its own Enterprise Agency. The aim of the agency is to drive the economy forward with growth that creates opportunities for all, to sustain and grow communities and capitalise on the people, resources and assets which will drive inclusive growth, increase competitiveness and tackle inequality across the South of Scotland. The Scottish Government subsequently carried out a consultation in 2018 to inform the shape of the new Enterprise Agency.
- 3.3. A South of Scotland Economic Partnership interim board was formed in 2018 to lead the development and formation of the new Agency chaired by Professor Russell Griggs. Through dialogue with Professor Griggs and Scottish Government officials, it is understood that the new Agency will not seek to replicate existing structures such as Scottish Enterprise (SE) and Highland and Islands Enterprise (HIE) but rather will deliver services that take on board the views of all respondents to the consultation

and seek to ensure the agency was most suited to the businesses and communities of its area of operation. However, the details of how that would operate was not clear at that time.

- 3.4 The main issues raised in the consultation and dialogue with the Scottish Government was: (1) how this new agency would impact on the business and communities in the southern part of this Council's area, and (2) whilst recognising that South Lanarkshire Council would not be covered by the new agency, requested that the Council be kept informed as matters progress. In this regard the significance of cross local authority border cooperation and the economic importance and relationship of the new agency with Borders and Dumfries and Galloway and business to the southern, rural area of South Lanarkshire was acknowledged by the Scottish Government.

4. South of Scotland Enterprise Bill 2018

- 4.1. Following on from the above, the South of Scotland Enterprise Bill was introduced by the Cabinet Secretary for the Rural Economy, Fergus Ewing MSP, on 24 October 2018. The Bill initiates the formal process which will create a new Enterprise Agency with the goal of supporting the economic and social development of the South of Scotland, which is defined in the Bill as the Scottish Borders and Dumfries and Galloway Council areas. It is proposed the SOSE Agency will become operational in April 2020 with the South of Scotland Economic Partnership preparing the way for the new agency, bringing a different approach to economic development. The Government considers this development, alongside a range of other measures, is necessary for Scotland to achieve a "transformational step change" in its economic performance.
- 4.2. The Bill maintains the previously agreed position that the Agency will be restricted to the combined areas of the Scottish Borders and Dumfries and Galloway Councils. In responding to the consultation, the Scottish Government acknowledges some respondents - for example South Lanarkshire Council, Foundation Scotland and Galloway and Southern Ayrshire Biosphere - argue that other areas of Scotland outwith the Central Belt and the HIE area share many of the characteristics and economic challenges faced by the proposed South of Scotland Enterprise area. However, the Government remains of the view a consensus has emerged that the new organisation should operate in the local authority areas of the Scottish Borders and Dumfries and Galloway. Further, as the Enterprise and Skills review leads the Government to commit to Regional Economic Partnerships, the existence of the Glasgow City Region and South Lanarkshire's role therein forms part of the justification to maintain the proposed SOSE boundary.
- 4.3. The Bill states the top level aims of the new Agency are to:-
- further the economic and social development of the South of Scotland,
 - improve the amenity and environment of the South of Scotland,
 - supporting inclusive economic growth,
 - providing, maintaining and safeguarding employment,
 - enhancing skills and capacities relevant to employment,
 - encouraging business start-ups and entrepreneurship,
 - promoting commercial and industrial— efficiency, innovativeness and international competitiveness,
 - supporting community organisations to help them meet their communities' needs.

- 4.4 The implementation of this Bill emphasises the community development aim and confirms the Government's hope that the new Agency will have a similar role in the south of Scotland as HIE has across the Highlands and Islands. The Government insists that the new body should "sustain and grow communities – building and strengthening communities with joined up economic and community support". This is a key function of HIE - it spends around 7% of its budget on "strengthening communities", providing services such as supporting social enterprises, promoting and supporting community-asset ownership, helping develop community energy opportunities and supporting communities as they commercialise their various cultural and heritage opportunities.
- 4.5 The new Agency will assume responsibility for much of what Scottish Enterprise (SE) currently does in the south of Scotland. The Bill makes provision for the transfer of properties and liabilities from SE to the new Agency and these decisions will be made by the Government following consultation with SE and SOSE. What will be transferred, and when, will therefore be determined by regulation, requiring the agreement of Parliament. Some staff from existing organisations may transfer to the new body and the Scottish Government will engage with potential organisations impacted to establish what staff transfers will be required.

5. Next Steps and Implications for South Lanarkshire

- 5.1. As set out in section 4 above, the Bill was introduced on 24 October 2018 and the Government is now inviting comments on the Bill to be submitted by 7 January 2019. In this regard, much of the Bill relates to the legal details of establishing the new agency and as such, from a Council's perspective, there are no comments to make. Nonetheless, the issues raised at the consultation stage referred to in paragraphs 3.3 – 3.4 remain valid in the sense that geography, communities and business within the new agency boundaries are similar in nature to those that sit within rural South Lanarkshire. As such, it is important that this is recognised and ensure that collaboration across boundaries is built into the operating ethos of the new agency. It is proposed that this position, subject to Committee approval, is communicated as part of the invitation for comments on the Bill. As the closing date for comments was 7 January 2019, officers have submitted these views on the basis that any further comments made at this Committee would be sent on to the Scottish Government for consideration.
- 5.2. Following on from the above, officers will continue to maintain an oversight of the emergence of the new agency and seek to establish relations with the new agency where appropriate. As part of this approach officers have and will attend one of the two information sessions, Monday 14 January 2019 at Easterbrook Hall, Bankend Road, Dumfries from 4:00pm to 5:30pm and Wednesday 23 January 2019 at the Scottish Borders Campus, Nether Road, Galashiels from 7:15pm to 8:45pm.

6. Employee Implications

- 6.1. There are none associated with this report.

7. Financial Implications

- 7.1. There are no financial implications for South Lanarkshire Council.

8. Other Implications

- 8.1. There are no implications in terms of risk and sustainability.

9. Equality Impact Assessment and Consultation Arrangements

9.1. There is no requirement for Equality Impact Assessments or Consultations.

Michael McGlynn

Executive Director (Community and Enterprise Resources)

3 January 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Promote economic growth and tackle disadvantage
- ◆ Make communities safer, stronger and sustainable
- ◆ Support the local economy by providing the right conditions for inclusive growth
- ◆ Work with communities and partners to promote high quality, thriving and sustainable communities

Previous References

- ◆ None

List of Background Papers

- ◆ Scottish Government - South of Scotland Enterprise Bill
<http://www.parliament.scot/parliamentarybusiness/Bills/109840.aspx>
- ◆ Online survey:
<https://www.smartsurvey.co.uk/s/87WVV/>

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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