

Scottish Parliament Economy and Fair Work Committee Meeting of Wednesday 11 September 2024 Written Submission by South of Scotland Enterprise

Introduction

South of Scotland Enterprise (SOSE) welcomes the opportunity to provide a written statement in advance of our appearance in front of the committee as part of its pre-budget scrutiny.

We are now into our fifth year of operation, as Scotland's newest Economic Development Agency, with a remit set out in the South of Scotland Enterprise Act 2019, that brings together a focus on the economy, on our community and on our environment.

It is this focus on prosperity, place and people that guides our actions, to create an economy that supports the Just Transition to Net Zero and a Wellbeing Economy. We do so by providing tailored support to enterprises and communities right across Dumfries & Galloway and the Scottish Borders. Our SOSE colleagues are key to this approach, they are experts and specialists in many different fields and sectors and bring tangible value to the organisations they work with.

The past twelve months have been set in a challenging economic landscape. Maximising our collective impact across organisations working in the South of Scotland is more vital than ever and so the partnerships and strategic relationships we have built helps us to do more.

Those partnerships have also helped us to begin to address some of the region's key challenges – including our housing challenge. As Scotland's Natural Capital Innovation Zone, we have the ambition and potential to use our natural capital to bring greater economic benefit and tackle climate and nature emergencies.

The past year was the first year of Our Five-Year plan, which set out our priorities as part of our framework of our 'Six As'. These bring a clear focus in effort to our work, and the contribution we make to leading and delivering the South of Scotland's Regional Economic Strategy, the National Strategy for Economic Transformation, and contributing to the Scottish Government's focus on eradicating child poverty, growing the economy, tackling the climate emergency and delivering better public services.

Overview of our Delivery in 23/24

As previously highlighted, we launched our first Five-Year Plan in April of 2023, which set out the medium-term focus for SOSE. This is an ambitious plan which sets out our vision to create a rural economy powerhouse in the South of Scotland. SOSE aspires to be a bold, striving and inclusive development agency "to create success, increase opportunity, lead a sustainable just transition to Net Zero and advance equality" and ultimately deliver success for the South of Scotland.

This introduced our new priorities framework, the Six A's (see below) which are rooted in the needs and ambitions of the South and were informed by the ambition and goals of the people of the South of Scotland. Our priorities are interlinked, parts of the whole solution, and also supported by our key enabling activity, collaboration, innovation and acceleration.

Figure 1 – Priorities from Our Five-Year Plan



2023/24 was a year of further successful delivery for SOSE, striving ahead to deliver the vision for a Green, Fair and Flourishing, South of Scotland.

Over the course of the year we:

- Engaged with 1,300 enterprises.
- Approved £9.2m worth of grants and loan funding to 152 organisations. Including:
 - Supporting 15 new or improved income-generating community assets, supporting 34 community projects and 9 charity projects, with £1.4m in capital cost and £200k in revenue, which are creating 16 jobs and safeguarding a further 55, 16 apprenticeships and including 25 green jobs.
 - Provided £1.5m in capital grants and loans to Inward Investors, as well as providing non funded support too.
 - Provided capital funding to unlock the Borderlands Investment for the Dairy Nexus, a co-innovation hub for R&D in dairy farming.
- This activity helped to create 377 jobs while safeguarding a further 1,316 posts.
- The forecast increase in gross additional turnover and profitability on improved projects totalled £208.4m and £61.5m respectively.

It is not just in our direct funding awards where we are making a difference, it is also through other key strategic projects. Over the course of the last year, we have:

- Engaged 1,455 people in entrepreneurship activities.
- Provided one-to-one support to 62 female led, and 24 youth-led businesses, as well as designing a specific fund to support female and youth led businesses with start-up costs.
- Launched our Entrepreneurial Road Map.

- Tailored one to one Digital Development support to 60 businesses and delivered 14 digital themed workshops.
- Provided development support to communities to help build their capacity and confidence.
- Encouraged ambition and entrepreneurial thinking in our communities by providing more opportunities for networking, sharing good practice, developing awareness and stimulating interest in new market opportunities.
- Commissioned research on Community Benefit from Onshore Wind in the South of Scotland, and on Community Wealth Building opportunities from new woodland creation with Scottish Forestry.
- Invested in national initiatives in Heatsource cluster/network, European Clean Energy Transition Partnership and Clean Heat Expert Support.
- Hosted our second Hydrogen Brokerage event.
- Explored innovative finance models for responsible investment in natural capital such as the Wild Heart Expansion Project (WHEP) - a pioneering public and private backed project which promotes a collaborative approach to land use, through expanding native woodland whilst delivering a range of community and financial benefits.
- Created a Youth Advisory Forum to help to better inform our decision making.
- Further developed our property portfolio to support new enterprise opportunities, in particular through purchase of part of the Chapelcross Energy Transition Zone with plans to develop this into serviced land for market, and through capital support for development of the Borders Innovation Park in Tweedbank.
- Secured £123k to deliver enterprising activity in the newly opened Hawick Business Centre.
- Helped our clients to access expert help support through our Enterprise and Business team.
- Supported 106 clients to innovate.
- Delivered approximately £4.7m of value add expertise and consulting using SOSE team members.
- Advancing the delivery of the Mountain Bike Innovation Centre in Innerleithen.

Regional partnerships are critical to the way that we work, by working together with key players in the South of Scotland, we can achieve more, deliver more and deliver it faster.

Some key examples of this include:

- Established partnerships with SRUC in delivering support for agriculture in the region via regenerative agriculture.
- Supported community-led regenerations and enterprise development through a Place Approach with Local Authorities and Third Sector Interface partners in the region.
- Supported the ongoing delivery of the South of Scotland Cycling Partnership Strategy. The South of Scotland hosted events at the UCI Cycling World Championships in 2023.
- Developed and funded the creation of the Kirkpatrick C2C Cycle Route.
- Co-developed the ten-year South of Scotland Responsible Tourism strategy which launched in March 2024, aiming to grow tourism spend in the region by £1bn and to support a further 6,000 jobs by 2034.
- Launched www.investinsouthofscotland.com a dedicated website to highlight the inward investment opportunities in the region with a focus on key sectors such as Energy Transition and Natural Capital; Food and Drink Innovation and Regenerative Agriculture; Health Innovation; Cycling; and the Creative Economy.

- Produced the South of Scotland's first Net Zero Investment Guide.
- Worked with SDI to provide a bespoke one to one property service and location identification support for inward investors looking to locate in the region.
- Worked with SRUC and Borders College to deliver a series of TechScaler workshops.
- Developed a strategic partnership with SRUC to drive innovation and entrepreneurship.
- Worked with CodeBase to deliver TechScaler in the region.
- Continued support for the delivery of the South of Scotland Regional Economic Partnership and its Regional Economic Strategy, including leading on the development and delivery of a Housing Action Plan looking to address the challenges of housing in the South of Scotland.
- Supporting two Convention of the South of Scotland meetings to discuss the key economic issues facing the South.

The latest is our partnership with the Pathfinder project, and the pilot in the South of Scotland, where SOSE secured £1.3m of additional funding to accelerate business start up, scale up and scale deep.

We recognise the challenges on public sector finances and have taken pro-active action to ensure we respond, adapting our organisation to meet these challenges head on. As part of that, over the last couple of years we have:

- Reviewed our structure and strategy to stay as lean and effective as possible.
- Sought to lean and streamline our processes.
- Put in place a strong project pipeline and robust performance measurement framework.
- Worked hard on developing our organisational culture which holds true to our values.
- Implemented our People Strategy, to make the most of the wide-ranging knowledge and skills in our workforce, while also implementing a headcount freeze and review of backfilling posts.
- Developed and deepened our collaboration with key partners in region and nationally
- Implemented targeted pots of funding, aligned to key priorities such as Net Zero and Entrepreneurship.
- Leveraging funding externally of around £5 for every £1 invested and wrapping our services around other service provision for mutual added value.
- Innovatively utilised our Financial Transactions budget to provide additional investment for clients.
- Implemented a strategic and broad focus on deep rooted and foundational barriers to economic growth, such as the work on housing.

Our Focus for 2024/25

In June 2024 we launched Operating Plan for 2024/25 setting out our priorities for the year ahead, this is underpinned by directorate plans. It sets out the actions we will take to drive even more progress against our Six As and to help drive progress against the three widely agreed foundational / regional challenges of housing, transport and skills.

This year we are making a difference through direct support to businesses and communities and creating the conditions for future success, including:

- Launching a second round of our Net Zero Accelerator Fund to accelerate the region towards Net Zero, a Natural Capital Innovation Fund to test and accelerate the deployment of nature-based solutions, an enhanced Communities Ambition Fund to

unlock potential in ambitious communities, a second CreaTech fund to help unlock potential and drive innovation across creative industries, and a new Work Smarter Fund.

- Developing the new Invest in South of Scotland website and an Inward Investment Strategy for the region, to refine and enhance our inward investment proposition, including launch of a Property and Land prospectus.
- Setting out the way forward working on diverse strategies and action plans – from screen to space.
- Delivering an annual programme of enterprise sessions to help enterprises to thrive and grow alongside a series of CreaTech showcase events to help network creative entrepreneurs.
- Working with regional Registered Social Landlords and University of Edinburgh School of Engineering to develop a progressive procurement pilot for energy efficiency retrofit, based on the nationally recognised archetypes approach.
- Developing and launching the Hawick Business Centre with a series of programmes to support businesses and enterprises across the Scottish Borders.
- Driving forward the shared ambitions and actions of No One Left Behind, through active participation in the regions' two Local Employability Partnerships.
- Supporting the implementation of local Child Poverty Action Plans, maximising opportunities to directly eradicate poverty through economic growth and transformation.
- Strengthening and expanding our knowledge of the South of Scotland through the work of our insights team, including a regular business survey.

We are establishing strong partnerships and working across the region to raise its profile, including through:

- Developing an engaging and creative campaign to raise awareness of the region nationally and internationally to help attract ambitious investment to the region.
- Supporting South of Scotland Destination Alliance (SSDA) to put the South of Scotland on the map through the 'Scotland Starts Here' brand to drive a sustainable increase in visitors to the area.
- Supporting the operational delivery of place planning and investment in Borderlands Priority Places and leading work on the Borderlands and nationally significant Mountain Bike Innovation Centre and Trail Lab at Innerleithen.
- Developing the South of Scotland Natural Capital Innovation Zone, establishing the formal Regional Land Use Partnership and working with SRUC to create an entrepreneurial campus within the region focussed on unlocking the potential of the South's natural capital.
- Supporting delivery of the nationally significant Dairy Nexus, a flagship facility driving transformational research and innovation to decarbonise the dairy sector and move towards a circular bioeconomy.
- Working with our partners to deliver a South of Scotland route map to Net Zero and Energy Transition Plan.
- Implementing a South of Scotland Housing Action Plan, supporting REP driven work to enhance transport connectivity and sustainability and seeking to influence a future approach to regional skills planning that delivers for the South of Scotland and supports reform of the national skills landscape.

- We will launch the South of Scotland Space Strategy in the last quarter, and develop an early stage partnership with both The Rice Institute and the Houston Spaceport'

Internally we are strengthening our management and engagement structure, whilst keeping the focus on creating a lean and efficient organisation:

- Through our cross-directorate communications team we are raising our profile and helping people to better understand what we do at SOSE and how to access our support.
- Delivering a Continuous Improvement Strategy so we utilise our resources for the most impactful outcomes for the South of Scotland through a high-performance culture underpinned by wellbeing, continuous growth through learning and development and smarter ways of working.
- Launch and implementing MySOSE, a new Customer Relationship Management system.
- Expanding our youth advisory forum to ensure we hear from young people.
- Drawing on the learning from the evaluation of our inclusion in the Scottish Government's 4 Day Working Week pilot to inform future working arrangements that maximise productivity and wellbeing gains.
- Working towards accreditation as a Platinum Carbon Literate Organisation and developing practical proposals to realise our ambition of having a Net Zero operational footprint by 2038.
- Tracking our progress and measuring the impact that we want to have through our own efforts and our involvement in wider strategic and partnership working
- Ensuring a robust approach to our cyber security.
- Successful annual audit and accounts.

Conclusion

SOSE is still a new development agency, but the results are already visible. SOSE is working hard to compensate for the first two years being focused on Covid and crisis response. We are making a positive impact across the South of Scotland. We are building on this momentum into this financial year, unlocking the potential and opportunities which the South of Scotland has to offer. Our regional vision for "A Green, Fair and Flourishing South of Scotland" will deliver for our people, businesses and communities in the South of Scotland, and will help to ensure that our environment is protected and enhanced. Doing so will not just benefit us in the South, but will also ensure that the South of Scotland economy makes its contribution to Scotland's success and becomes the first rural economy powerhouse where innovation and traditional industries flourish, and we deliver on the potential of our economy, environment and communities.