

CONVENTION OF THE SOUTH OF SCOTLAND
MONDAY 3 FEBRUARY 2020
Paper 1

Title: Our shared ambitions for driving inclusive economic growth across the South of Scotland

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PURPOSE OF PAPER

1. This paper sets out:
 - the changing organisational structures of the economic development landscape in the South of Scotland;
 - the economic context of the area;
 - the opportunities and challenges faced in the South of Scotland; and
 - a draft collective ambition for the economic future of the South of Scotland, **for approval.**
2. It invites the Convention of the South of Scotland (COSS) to discuss:
 - whether it wants to endorse or amend the collective ambition;
 - what its role and the role for its members are in realising that ambition;
 - potential themes and topics that the Convention would like to consider; and
 - any specific actions.

CHANGES TO ECONOMIC DEVELOPMENT'S ORGANISATIONAL LANDSCAPE

3. Organisational structures focused on driving the inclusive economic development of the South of Scotland are changing. This is the next step in ensuring the right structures and organisational architecture are in place to ensure the South of Scotland can meet its economic potential.

4. New elements include:
 - **Convention of the South of Scotland (COSS)¹** – the Convention will have a key role to:
 - strengthen alignment between the Scottish Government, the two local authorities and public agencies delivering in the South of Scotland to drive inclusive growth and to agree action to address the priorities of the area;
 - ensure effective partnership working and delivery across the public sector;
 - consider current and future challenges impacting on inclusive and sustainable economic growth; and agree actions to deliver that growth; and
 - address any blockages and oversee progress.

¹ <https://www.gov.scot/programme-for-government/>

- **South of Scotland Regional Economic Partnership (SOSREP)²** – across Scotland, the Scottish Government is committed to establishing regional economic partnerships. SOSREP will be led by the two local authorities and will have a key role bringing together a range of stakeholders, including the public sector, the new enterprise agency, and representatives from business and the third sector. SOSREP will build on the work of the South of Scotland Alliance. As the REP matures it will present views of its members to COSS. It will develop a regional economic strategy for the South of Scotland. The new enterprise agency will be important to developing and delivering that strategy.
- **South of Scotland Enterprise (SOSE)** – established by the South of Scotland Enterprise Act 2019³, SOSE’s remit is to “further the sustainable economic and social development” and “improve the amenity and environment of the South of Scotland”. It takes up its duties on 1 April 2020 and will build to full capacity over a transition period. As an agency focused on the South of Scotland, SOSE will have a key role in developing and delivering the regional economic strategy.

5. These changes align and complement what already exists to give additional impetus and impact to the activity underway. Local Authorities remain a vital part of the system, continuing to deliver economic development support and other services that positively impact on the economic success of the area. Their role in providing wider support to the economy, for example through schools and education, infrastructure investment and local services, and driving forward proposals for strategic investment through the Borderlands Deal will complement the new activities being delivered by SOSE. The Councils will continue to play a key role in strategic leadership through the Regional Economic Partnership (noted above). They promoted the idea of a Convention and Regional Economic Partnership for the South of Scotland and have welcomed the establishment of these new arrangements.

6. These changes provide a unique opportunity to ensure the new structures and organisations are properly integrated and well placed to deliver the best outcomes for the South of Scotland. This recognises the range of other organisations within the public sector supporting inclusive economic development in the South of Scotland, many of which are members of COSS and the REP. Organisations within the third and education sectors also make a key contribution to inclusive growth. Businesses and the private sector are also essential. Having a clear and agreed regional economic strategy will help deliver clarity of purpose and agreed goals for all the partners, which in turn will maximise impact. It also requires national agencies to work differently in the South of Scotland, responding to the particular circumstances of the area and tailoring their responses as appropriate, avoiding a ‘one size fits all’ approach.

7. The impact of effective partnership working has been demonstrated recently with the work of the South of Scotland Economic Partnership (SOSEP). The partnership brought together private, public, third and education sectors. It facilitated

² <https://www.gov.scot/publications/enterprise-skills-review-report-phase-2-regional-partnerships/>

³ <http://www.legislation.gov.uk/asp/2019/9/enacted>

new conversations and a different approach to economic development. SOSEP has carried out wide-ranging consultations with stakeholders across the South of Scotland ensuring that thinking has been informed by local people. It has influenced the development of the new enterprise agency. As well as new relationships, SOSEP has recommended funding for a range of projects that would not otherwise have been supported. Continuing this engagement will be key to the way in which SOSE operates, ensuring that its activities are influenced and informed by the views of those across the South of Scotland and it implements what the South of Scotland wants to see. **ANNEX A** provides more information on those projects. While SOSEP comes to an end on 31 March 2020, it leaves a strong legacy on which the new structures can build. The consultation and engagement it has taken forward has helped to develop the collective understanding of the South of Scotland and the opportunities and challenges it faces.

ECONOMIC CONTEXT

8. Those organisations operate within the economy of the South of Scotland. It is an area with many natural advantages which makes it attractive for residents, businesses and visitors. It is strategically well placed. It has significant land assets and energy resources. It has active further and higher education sectors and innovative businesses operating across sectors. It has vibrant communities with a rich history and culture.

9. It also faces a range of challenges. It is a predominantly rural area which faces particular issues impacting on its economy including an ageing population, losing its young people, challenging physical and digital connectivity, low GDP per-head with low productivity, sectors with traditionally low wages and few higher skilled jobs with a business base dominated by micro and small businesses. However, it is important that the success of the South is measured in a way that is relevant to its own circumstances.

10. **ANNEX B** gives a general overview of the economic context of the South of Scotland.

OPPORTUNITIES AND CHALLENGES

11. Recognising the economic context ensures an understanding of the opportunities and challenges in the South of Scotland. **ANNEX C** captures the top 10 opportunities and challenges for the South. These have been drawn from the strengthened evidence base and the outcome of extensive consultation.

12. This includes the work taken forward by the Good Economy and the Ethical Finance Hub which looked at inclusive growth in the South of Scotland from the perspective of businesses. It identified the major barriers as: transport connectivity and the need for an integrated transport system; the need for skilled labour; the profile of the area; and the lack of business innovation.⁴ Also important to understanding the area is the Regional Skills Investment Plan for the South of

⁴ http://thegoodeconomy.co.uk/content/reports/Business_Led_Inclusive_Job_Growth_in_the_SoS.pdf

Scotland⁵ which provides an in-depth assessment of the skills issues facing the area. Both of these issues will be discussed at the inaugural meeting.

13. Some of the issues that need to be addressed to ensure businesses and communities across the South of Scotland can flourish are deep-seated and long term – including infrastructure issues and an ageing population. Addressing some of those issues will be exacerbated by recent events, including the UK leaving the European Union. Other challenges, such as climate change, present opportunities for the area to contribute to delivering the net-zero emissions Scotland must achieve.

AMBITIONS FOR THE SOUTH OF SCOTLAND

14. The South of Scotland is different, with a different economy. This means that national organisations need to listen to and respond to the needs of the South, ensuring that they are responsive to the differences of the area.

15. Working collectively, we want to see a prosperous South of Scotland with a thriving rural economy, fulfilling its own potential. This means a strong, diversified, sustainable economy, built upon cohesive and enterprising communities, rich in economic and social opportunity, where a varied and skilled workforce enjoys pay and conditions commensurate with the best in Scotland. Entrepreneurship and innovation should be commonplace, with young people confidently looking forward to high quality educational, training and employment prospects as stepping stones to realising their full potential in the South of Scotland. The region needs to increase its economic output and the wealth retained within the area; and in looking outward, to maximise the contribution it makes to Scotland's national ambition for Inclusive Economic Growth.

16. Making the most of those opportunities and tackling the challenges will start to deliver the ambitions for the South of Scotland ensuring:

- Communities are better equipped to play a greater role in the economic, social and environmental success of their area;
- Businesses have with increased productivity, ambitious for the future, investing in innovation and offering good conditions of employment paying higher wages, bringing Fair Work to the area;
- A well connected area – with a transport system that meets the needs of dispersed rural communities, able to make the best use of all forms of digital technology, with the wider infrastructure, including housing, for economic success in place
- A workforce with both the skills needed for now and the ability to develop the skills needed for the future able to access the training they need;
- Opportunities for young people so that they can see a future in the area and to attract people who want to locate in the area;
- We create an environment that enables the region to compete strategically for inward investment and the higher value jobs that go along with that;
- The region contributes to delivering the net-zero carbon emissions target; and,

⁵ <https://www.skillsdevelopmentscotland.co.uk/media/45740/south-of-scotland-sip.pdf>

- A clear commitment to inclusive growth, looking at what is getting in the way and taking action to remove them.

Question – Do members agree with that overarching ambition and what else would members want to see included?

COMMITMENT OF COSS TO DELIVERING THE COLLECTIVE AMBITION

17. If that is the collective ambition for the South of Scotland, recognising any additional suggestions that members want to see, meeting that ambition will require collective commitment across COSS members, with all partners contributing.

Question - are members happy to commit to working together to deliver that activity?

AREAS FOR THE CONVENTION TO CONSIDER IN THE FUTURE

18. In the letter establishing the Convention and inviting members to attend, the remit suggested that the Convention was the right forum to strengthen alignment, ensure effective partnership working, address barriers to inclusive growth and unlock barriers. As the Regional Economic Partnership is established and matures it will identify future areas for the Convention to consider, where collective action is important to delivering impact or where there are difficult issues that require collective exploration to resolve.

19. Building on the work done to date through the South of Scotland Alliance, SOSEP and other consultation which shaped the legislation and the remit of the new enterprise agency, there are a range of areas that the REP will consider. These areas will be prioritised by the REP for consideration at COSS. Potential areas, that are key to the success of the economy of the South of Scotland include:

- Inclusive Growth and Fair Work in a rural economy – what could be done to help businesses meet the Fair Work framework (competitive levels of pay and the living wage, training and skills development opportunities, flexible working practices and effective voice) and how can support to businesses and communities best meet rural needs? How can impact be demonstrated?
- Retaining and attracting working age people – recognising the impact of Brexit on the working population, the current demographic trends and the regional skills investment plan, what else can be done to build a vibrant and resilient population (building on the discussion at agenda item 3)?
- Responding to the needs of places across the South of Scotland – recognising the Scottish Government Cabinet and COSLA's commitment to the place principle, what can be done to deliver a place based investment strategy, flexible to the different needs of places rather than to the needs of organisations for consistency? A one size fits all approach will not deliver this.

- Delivering flexible enterprise development support for people, businesses and communities – how can we ensure that delivers impact, recognising that existing approaches and rules might not fit, and ensuring there is clarity about the support on offer with effective communication?
- Supporting communities – what else can be done to support communities to stimulate development, reduce barriers to growth and tackle inequalities;
- Investment in infrastructure – recognising the pressure on public sector resources, what can be done to improve digital connectivity and mobile coverage and be clear about the clarity of what is on offer? What more could be done to promote uptake and digital skills and to improve what is being supported? What investment is required in the wider infrastructure required so that people can take up jobs, such as housing provision in rural communities?
- Delivering effective transport connectivity – what needs to be done to develop an integrated transport strategy for the region, ensuring the South of Scotland engages effectively in the Strategic Transport Projects Review process and the South of Scotland Regional Working Group? This will build on the discussion at the first Convention.
- Future skills – ensuring easy access to skills, exploring a new approach to tertiary education and new ways of delivering training that meets the requirements of learners and the economy.
- Maximising the South of Scotland's contribution to the low carbon economy – what can the area do to reduce emissions and to prepare for the impacts of climate change, contributing to a net zero emissions economy (where emissions are balanced by solutions such as forestry or bioenergy with carbon capture and storage) by 2045, that is positive for the people and economy of the South of Scotland and builds on its strengths and assets?
- Improving the collective understanding of the economy of the South of Scotland – recognising that some national data-sets mask local issues, what can be done to draw together the evidence base to improve decision making? This will require different ways of measuring success and outcomes, including around inclusive growth and Fair Work where traditional economic measures are not sufficient.

Questions

What issues do members want to prioritise for future Convention meetings?

Are members content to task the REP with prioritising issues where discussion at the Convention will add value?

CONCLUSION

20. The establishment of SOSE has been a key driver for partners to consider new forms for the effective strategic direction of economic development in the South of Scotland. The establishment of a South of Scotland Regional Economic Partnership will allow partners to shape and agree regional priorities and delivery mechanisms. In turn, our new Convention of the South of Scotland will enable an effective dialogue with Scottish Government and help ensure that new, more effective approaches to partnership working can deliver the

21. It is clear that there are a range of socio- economic challenges and opportunities facing the South of Scotland. It is also clear that these will only be tackled if partners can work together effectively in new, innovative ways. The Convention can play a key role in enabling and encouraging effective partnership working across local, regional and national partners.

South of Scotland Enterprise, Dumfries and Galloway Council, Scottish Borders Council and Scottish Government – January 2020.

SOUTH OF SCOTLAND ECONOMIC PARTNERSHIP (SOSEP)

1. The South of Scotland Economic Partnership (SOSEP) was established by the Scottish Government to bring a fresh approach to economic development as the new public body was established. Its activities have been shaped around local priorities.

PROJECTS APPROVED IN 2019/20

	Project Overview	Funding
1	Johnston School, Kirkcudbright - support construction costs to develop a dark skies visitor centre and planetarium, a wrap-around child care facility, start-up units, youth drop in space, a work shop and store for a major festivities group, a casual space for groups to meet, plus a small office and shared facilities	£300,000
2	Hawick Conservation Area Regeneration - to conserve and enhance key properties within the Hawick Conservation Area to catalyse wider regeneration of town centre.	£60,000
3	Community Tourism Development Pilot – develop a programme for community leaders to help them understand the tourism market and develop the capacity and confidence to drive projects in their areas that will generate income for local people.	£30,000
4	Re-Tweed –to extend and consolidate its work helping woman gain the skills and experience for the creative industry sector, by piloting a business incubator to help a minimum of 10 women start and grow their businesses.	£19,200
5	Crawick Multiverse – to assist with the development and marketing of multi-functional visitor facilities to make Crawick more accessible to local schools, community groups, visitors and provide the opportunity to host events all year round.	£67,000
6	Growing Rural Talent – to give young people the skills and practical experience needed to support their introduction to the agricultural and forestry industries.	£289,000
7	Community Enterprise Support - To pilot a place-based approach to community enterprise support to help support financially sustainable projects.	£510,000
8	Building a Better Galashiels - to deliver a number of high impact town centre improvement and marketing projects in Galashiels. The project will deliver year one of the 'Building a Better Galashiels' Action Plan.	£72,500
9	Philiphaugh – to assist with the development and diversification of Philiphaugh's existing visitor facilities to create new jobs and attract more visitors to the estate and the local area.	£154,484
10	Trimontium – to promote the unique Roman and Iron Age heritage by expanding the museum and launching HALO (Historical and Archaeological Landscape Observatory), a hub for the museum's learning programme.	£394,902
11	Midsteeple Quarter - to fund a project officer to co-ordinate and drive forward regeneration activity in the Midsteeple Quarter area of Dumfries.	£39,500
12	Moffat Distillery - to support the development of a new distillery, Dark Sky Spirits Ltd.	£320,000
13	Seeding Social Enterprise – to fund 4 social enterprise animators to build capacity and share best practice to grow successful community enterprises in D&G.	£143,600

PROJECTS APPROVED IN 2018/19

	Project Overview	Funding
1	Social Enterprise Programme - funding towards delivery of a programme of activities that will build the capacity of communities in the South of Scotland to be more enterprising self-sufficient, and entrepreneurial and to encourage and support social enterprise formation	£69,804
2	Newcastleton Bunkhouse – funding was provided towards a feasibility study to enable the community development trust to consider whether their plans for a bunkhouse were feasible. Useful exercise that has resulted in the proposals being re-visited.	£9,000
3	Strengthening Communities Programme – to build capacity within communities through support for the recruitment of project officers to help develop sustainable	£228,000

ANNEX A

	economic projects. The application will provide support for an initial 6 communities (and extends the reach of the SG SCP provision in South, adopting approach taken by HIE).	
4	Annan Regeneration - to support the cost of a team to drive forward the Annan Action Plan developing projects to mitigate the impact of job losses in the town following Young's closure of its Pinney's seafood processing plants	£250,000
5	South of Scotland Skills and Learning Network – major capital project, delivered by the South of Scotland's two regional colleges to create a digital and physical network across the South project, providing better access to training to a wider range of students.	£6,680,747
6	Articulation Project – funding to support a project mapping and establishing articulation routes through college and university partnerships seeking to retain young people in the South of Scotland area.	£79,000
7	Centre of Excellence in Textiles - project seeks to address a business critical skills issue in the Textiles Sector by the provision of a training centre to deliver skills training to local companies.	£610,000
8	Strathclyde University Research on Business Barriers – research undertaken by Strathclyde university Hunter Centre looking at business growth barriers in the south, to inform SOSE's approach to business development. Expected to report in the latter part of this year to SOSEP.	£49,875
9	Feasibility Study – Dumfries Ice Bowl Curling Association. Capital investment to improve the curling hall to increase the footfall in the facility and enable its wider use.	£20,000
10	South of Scotland Rural Skills & Entrepreneurship Project - to address gaps in accessibility and availability of rural (land based) training across the south of Scotland. Delivered by SRUC, the project will deliver: 1) two mobile learning centres equipped to deliver rural skills courses across the south of Scotland. 2) a package of online learning materials to support the delivery of rural skills, tailored for the south of Scotland.	£156,600
11	Feasibility Study – Duns Development Trust - To support carbon reduction / energy efficiency project at the Volunteer Hall, Duns (recently purchased). 2 phases – phase 1 is heating. Phase 2 not stated.	£20,000
12	Feasibility Study – MidSteeple Quarter. Strategic visioning document to turn workspace on ground floor and upper floor made into flats.	£20,000
13	Feasibility Study - Rock UK Adventure Centre - Planning the strategic redevelopment of our centre Whithaugh Park in Newcastleton.	£20,000
14	Feasibility Study – Scottish Sustainability Centre (Eden) - a tourist attraction with sustainable living focus to educate, inspire and encourage people and organisations to make real changes towards a low carbon lifestyle.	£20,000
15	Feasibility Study – Year of Scotland's Stories Project - To look at drawing together Peter Pan Moat Brae Project, Borders Book Festival, Wigtown Book Festival and Abbotsford Trust proposals for Walter Scott 250th anniversary and 2022 Year of Scotland' Stories.	£20,000

ANNEX - INFOGRAPHIC ON KEY STATISTICS

South of Scotland

The South of Scotland covers

11,159 sq. km

14% of Scotland's landmass



The population in the South of Scotland was **264,060 in 2018**, 4.9% of the Scottish total.

24 persons per square kilometre, compared to 65 for Scotland.



The largest towns in the area are:

- Dumfries (32,914)
- Galashiels (14,994)
- Hawick (14,294)
- Stranraer (10,593)
- Annan (8,960)
- Peebles (8,376)



GVA per head is **£18,977** in the South of Scotland compared to £24,800 in Scotland as a whole (76.5% of the Scottish average).



Median weekly earnings for full-time employees were **£490.20** in 2017, compared to £547.70 for Scotland as a whole.

11,235 businesses are based in the South of Scotland, 10,225 of which have fewer than 10 employees.



THE TOP TEN CHALLENGES AND OPPORTUNITIES – INFORMED BY EVIDENCE AND HIGHLIGHTED DURING CONSULTATION

Top 10 Opportunities:

1. Quality of place: surveys indicate satisfaction with local health services and schools in the South are similar to the average across Scotland. 61.3% of people living in Dumfries & Galloway and 64.2% of people living in Scottish Borders rated their neighbourhood as a very good place to live in 2016, compared to 56.7% in Scotland. The South of Scotland's natural environment provides a high quality of life. This has been identified as the "unique selling point" and the area was described as a good place to raise a family and provides opportunities for healthy living. This is a strength both in terms of boosting tourism and attracting skilled professionals and businesses to the area.

2. Digitalisation: while digital infrastructure has been posed as a challenge in the area, improvements have been made in digital connectivity. The Scottish Household Survey indicates that home internet access has improved significantly in Dumfries & Galloway and the Scottish Borders over time, and there is now a need to educate people and businesses on the potential benefits of digitalisation. Households with home internet access has increased from 39% in 2003/4 to 87% in 2016 in Dumfries and Galloway, from 45% to 79% in Scottish Borders, and from 44% to 82% in Scotland as a whole over the period. 97% of businesses in the South report having an internet connection, which is the same as Scotland as a whole.

3. Community sector: the South of Scotland is characterised by a strong and vibrant community sector that provides important services and activities in local communities, and communities that are characterised by a high degree of cohesion, resilience and commitment to the local area. The important role that volunteers play was also pointed out. It was felt that the community sector ensures that many of South of Scotland's residents are active and engaged and there is opportunity to involve communities closely in its activities.

4. History and Cultural heritage: the South of Scotland has a rich cultural heritage and historical significance, including the area's links with Robert Burns and Walter Scott, are strengths of the area to build upon, particularly in terms of further developing the tourism industry.

5. Strategic location: the South of Scotland has a good strategic location, being relatively close to Newcastle, the Central Belt of Scotland, and Northern Ireland. Improved transport infrastructure could help capitalise on this strategic location to benefit from tourism and business opportunities.

6. Educational provision: while there are challenges associated with the education sector outlined above, aspects of the educational provision are a strength. These included, amongst others, the Crichton Campus in Dumfries, Borders College, Dumfries and Galloway College. There is good secondary education in the region and attainment levels are relatively high. There is the opportunity for collaboration between Higher and Further Education Institutions and employers and for co-location of multiple Higher and Further Education Institutions (Crichton Campus; Scottish Borders Campus) to address employer skill needs in the region.

7. Micro and small businesses the presence of a wide range of micro and small businesses, and the entrepreneurial spirit of communities in the South of Scotland is a major strength. The stock of businesses is high relative to the population size – with 531 businesses per 10,000 population Dumfries and Galloway in 2016, and 554 in the Scottish Borders, compared with 391 in Scotland as a whole.

8. Sectors important to the South of Scotland: the importance of primary industries (agriculture, forestry and fishing); food and drinks industry; tourism; and the creative sector, are strengths of the South of Scotland.

9. Renewable energies: ranging from on and off-shore wind farms to hydropower, the consultation respondents view the renewable energy sector as potential to increase employment and business opportunities in the South of Scotland and make the area more self-sufficient. A coordinated approach to further developing the renewable energy sector would build on this strength.

10. Natural capital: the South of Scotland provides a wide range of outdoor tourism such as mountain biking, canoeing and walking. The area's landscape, scenery, and wildlife was seen as a major strength, particularly in terms of further developing the tourism industry.

Top 10 Challenges:

1. Ageing population: the South of Scotland has the highest dependency ratio in Scotland at **69%, compared with 55% in Scotland.** 25% of the population is of pensionable age compared to 19% in Scotland. The working age population is projected to decrease in the South of Scotland by 2029. Specifically, in Dumfries and Galloway it is projected to decrease by 4.1%. It is projected to remain stable in Scottish Borders, while the total Scottish working age population is projected to increase by 4.4%.

2. Out-migration of young people: young people are less likely to stay in or move to the South of Scotland than they are in other parts of the country and they see limited opportunities for themselves in the area.

3. Population density: the South of Scotland is home to approximately 264,220 people (4.9% of Scotland's population). The population density is 24 persons per square kilometre, compared to an average of 70 for Scotland as a whole. This high level of rurality presents challenges for access to employment and services.

4. Perceived lack of further and higher education opportunities: there is a perception that employers currently find it difficult to recruit a skilled workforce and that there are a lack of further and higher education opportunities across the South of Scotland. There is a desire for a wider range of training opportunities available, both in terms of a more substantial college presence and more subjects being offered. The provision of more training opportunities was seen as the key to keeping young people in the area.

5. Employment and skills level: there is a perception of a lack of good quality jobs in the region. A smaller proportion of people in the South of Scotland are employed in high-skilled occupations. In 2016, a lower proportion of people in the region than in Scotland as a whole held a degree level qualification (21.6% vs. 28.9%). A similar proportion of people held no qualifications (9.8% vs. 10.0%). Skills Development Scotland's Regional Skills Assessment forecasts that over the period to 2028 there is expected to be an overall decline in employment in the South of Scotland.

6. Insufficient transport infrastructure not well integrated: transport infrastructure, in terms of both the road and rail networks, and particularly cost, time and frequency of public transport, are issues in the South of Scotland. Relatively high levels of car ownership mitigates some transport issues, but this can be prohibitively expensive for some groups (young people, people accessing low-paid jobs) and has negative environmental impacts. 19.8% of

households in Dumfries & Galloway and 20.3% of households in Scottish Borders do not have access to a car, compared to 29.3% of households in Scotland as a whole.

7. Poor digital infrastructure: the proportion of premises able to receive internet access with a 10 MB/s download speeds is lower (87% in Dumfries & Galloway and 84% in Scottish Borders) compared to Scotland (95%). With respect to mobile network coverage, 39% of premises in Dumfries and Galloway, 71% in Scottish Borders and 67% in Scotland overall (75% in urban areas) have indoor 4G coverage by all operators. 71% of premises in Dumfries & Galloway and 88% of premises in Scottish Borders have voice and text coverage indoors, compared to 90% of premises in Scotland.

8. Business base: the evidence shows that the region has a lower proportion of medium and large enterprises *based* in the region. Small businesses (those with under 50 employees) account for a greater proportion of employment and turnover in the South of Scotland than in Scotland as a whole. There are 11,235 businesses based in the region, 10,225 of which have fewer than 10 employees. There are lower levels of business innovation and investment than in Scotland overall, with business expenditure on research and development per head in the South sitting at £50 per head compared to £198 per head in Scotland as a whole.

9. Productivity: in the South of Scotland GVA per head is consistently and significantly below the Scottish average. In 2016, GVA per head in the South of Scotland was £18,977 compared to £24,800 in Scotland. The economy in the region is forecast to underperform the Scottish average over the forecast period 2018 – 2028, at a growth rate averaging at 1.2 per cent per year between the period, below both the Scotland rate of 1.7 per cent and the UK rate of 1.9 per cent.

10. A low wage economy: the local economy in the South of Scotland is characterised by a shortage of well-paid employment opportunities. Median weekly earnings for full-time employees in the South of Scotland were £490.20 in 2017, compared to £547.70 in Scotland as a whole. Scottish Borders Council and Dumfries and Galloway Council rank 30 and 32.