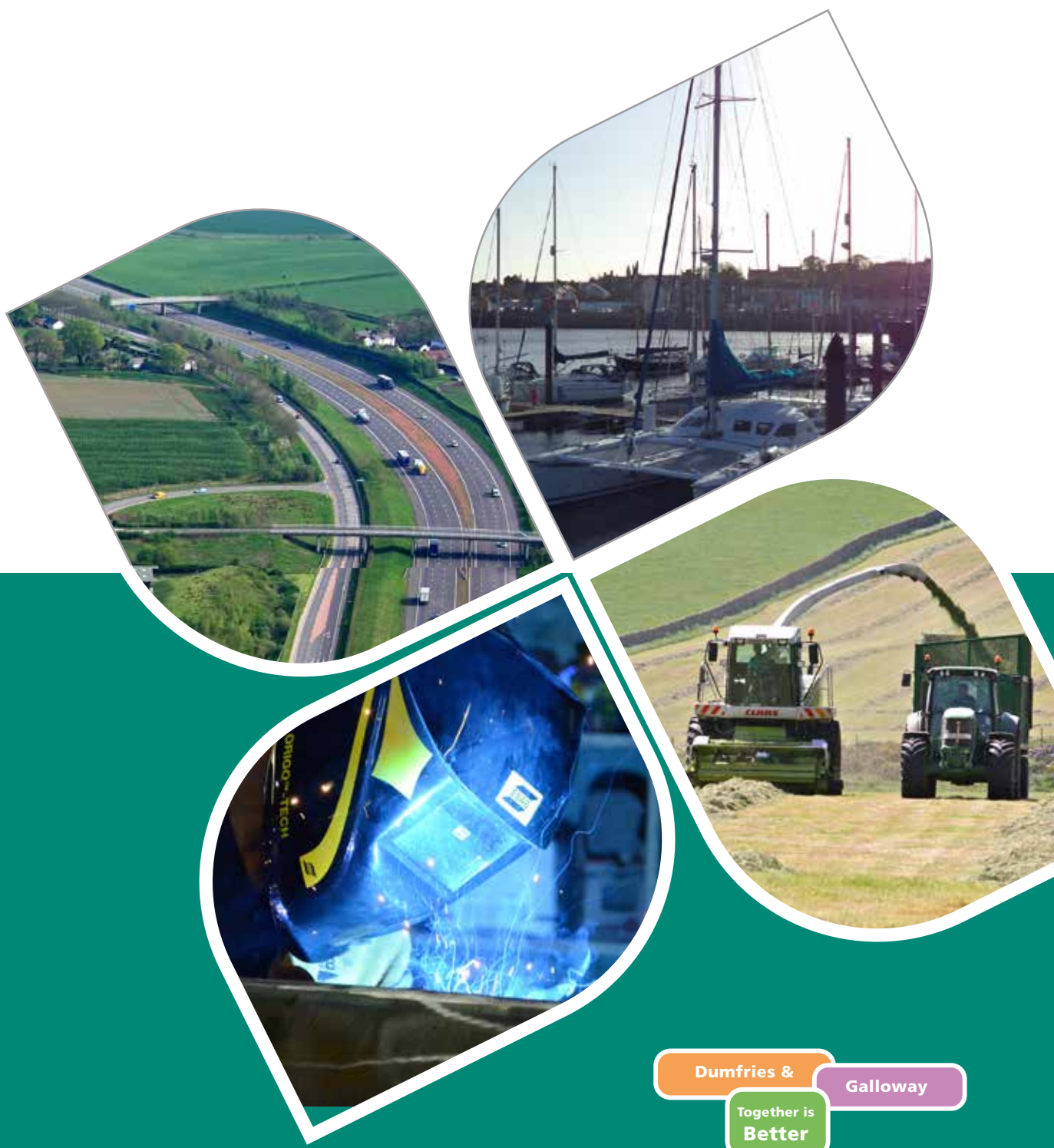


Dumfries and Galloway

Regional Economic Strategy

2016-2020



Dumfries & Galloway
Together is Better

Contents

Foreword	4
Introduction.....	5
Challenges	6
Opportunities	7
Key Sectors.....	8
Investment for Growth	9
Context	10
Stakeholders' Perspectives.....	12
Our Vision	13
Our Vision Explained.....	13
Strategic Objectives.....	14
Strategic Actions	15
The Outcome	17
Economic Leadership Group.....	17
Delivery.....	18

Foreword

The economic ambition for our region is simple, to ensure that every member of every community has equality of access to a prosperous future.

Our Regional Economic Strategy is central to achieving this vision which, in turn, will help us meet our key priorities of building our economy, supporting children, protecting vulnerable people and being inclusive.

We recognise that our region's economy is the key to unlocking the future potential of our communities and people. A prosperous economy will provide employment and income which will benefit all in the region. It will help us retain our young people and attract new families.

While there are challenges and barriers to growth there are also significant opportunities to be seized and built upon. Assets such as our coastline and countryside, our vibrant towns and villages and our overall quality of life are all highly rated and can all be used to our economic advantage. Underpinning all of this are our region's proud and resilient communities.

Our Economic Strategy sets out our vision and strategic objectives for our regional economy in 2020 and puts in place a clear framework for

achieving them. It has ambition at its heart but it also provides a strategic foundation built on a sound evidence base to support what is a very positive vision for our region.

Attainment of our vision requires a shared commitment with participation from our communities and individuals, and working with the public, private, third and further and higher education sectors. Our shared vision is bold; it is based on the ambition that our region deserves. To achieve this all partners must demonstrate strong, confident leadership and work together in the pursuit of our vision. We are determined to succeed.

Ronnie Nicholson

Chair

Strategic Partnership

Colin Smyth

Chair

Economy, Environment and
Infrastructure Committee
Dumfries and Galloway Council

Introduction

Our Strategy is based on data collated and analysed by independent researchers in the Crichton Institute and presented in the Dumfries and Galloway Regional Economic Strategy 2014-2020: Baseline study and regional economic profile. The baseline study consulted widely and further consultation has been undertaken by Dumfries and Galloway Council. The baseline study indicates that we have:

- Gross Value Added¹ that is much lower than the Scottish average
- an ageing population
- a low wage economy
- a high rate of youth unemployment

Our vision is ambitious. By defining our strategic objectives our region is able to position itself to maximise the potential of our people and empower our communities. We must take full advantage of the ongoing economic recovery and by doing so counter the impacts of public sector funding cuts, welfare reforms, and a fall in European Union funding.

In order to deliver economic growth for the region we need to focus on our regional strengths and acknowledge that our priorities may not always fit neatly with those defined at a Scottish, United Kingdom, or European level.



1 The long-established headline measure of economic growth produced by the Scottish Government is total Gross Value Added (GVA), which is based on the output of all industries in the economy. The methodology is given in detail at <http://www.gov.scot/Topics/Statistics/Browse/Economy/GDP/GDPcalc>

Challenges

- GVA per hour worked in DandG is 82% of the Scottish average.
- A high, and growing, proportion of jobs are part-time; the rate of unemployment remains higher than before the start of the recession in 2008; the rate of youth unemployment is consistently higher than for other age groups; and there is significant underemployment. Many of the jobs in the region's key sectors provide low levels of productivity and often seasonal employment.
- Relatively few of those of working age have a high level of qualification. This means that some businesses find it difficult to recruit people with the skills that they need. Lack of appropriate qualifications may also be a hindrance to future development needs. The level of work related training is low. In addition, for some employers, there are difficulties in recruiting for low skill/entry level jobs.
- Our region's full-time workers receive the lowest average weekly pay in Scotland. This, along with the low level of GVA per capita, reflects the low level of employment in high value-added activities.
- Over 22% of the region is classified as rural or remote rural and 76 (7.8%) of the 976 datazones in the 15% most access deprived datazones in Scotland are in Dumfries and Galloway. 45% of the region's datazones are amongst the 15% most access deprived in Scotland and over 20% of households do not have access to private transport.
- The region is not visible enough at a national level in terms of policy, lobbying and as a place to do business. Dumfries and Galloway is also under-promoted as a place to visit, work and live. The number of private sector jobs in the region has declined since 2008 and the public sector accounts for a large proportion of the region's GVA and employment.
- The recent changes to the Common Agricultural Policy are expected to reduce farm income to the region by 18m per year by 2019.
- Some parts of the region do not get good quality mobile coverage from network operators, or do not get any coverage at all.
- Our population is declining and statistics show a rapid increase in the 65+ age group whilst at the same time we have net out-migration of younger people.



Opportunities

- Parts of the region have good links to the strategic transport network. Lockerbie and the M74 Corridor are well connected to major population centres in Glasgow, Edinburgh and the north of England while the west of the region is linked to Northern Ireland by the ferry ports at Cairnryan.
- Dumfries and Galloway Council has invested £12.6m in the region's broadband infrastructure and the region is benefiting from a share of a national investment of £264m. Access to high speed data links is being rolled out across the region during the early years of our Strategy.
- The high number of micro-businesses provides a broad base of businesses that have potential for growth.
- Major assets such as the rural landscape and coast are key resources for its tourism industry. Our region's attractiveness is also important in making Dumfries and Galloway a desirable place to live and work. Our natural resources provide opportunities in forestry and renewable energy, particularly on and off-shore wind energy that can be developed to maximise community benefit. The micro renewables sector has growth potential at community level.
- The co-location of multiple Higher and Further Education Institutions on the Crichton campus is unique in Scotland. We have campuses of the University of Glasgow, the University of the West of Scotland, the Open University in Scotland, Scotland's Rural University College, and Dumfries and Galloway College clustered on the Crichton campus and opportunities to expand the HE and FE offer across the region.
- Older people can make a positive contribution to the workforce and the economy while the ageing population presents opportunities for private and third sector developments in the health and social care sectors.
- The principles of regional equity, or equality between regions, in either a South of Scotland or 'Borderlands' context, can be exploited to the region's advantage.
- The region is well placed to contribute to Scotland's energy ambitions through both carbon reduction and the potential for renewable energy generation and storage.
- Dumfries and areas to the east of the region have been granted Assisted Area status and businesses in these areas can take advantage of higher levels of public support.
- The quality of life in the region is highly rated with low crime rates and high quality schools.
- Our communities are resilient and capable of delivering innovative solutions to local challenges and this provides an excellent base from which to grow the region's social economy.
- The public sector spends circa £300m/pa procuring health and social care services in the region. This provides an opportunity to encourage local social enterprise and strengthen the region's circular economy.
- The Local Development Plan has identified opportunities for future development with plenty of land available for regeneration and employment.

Key sectors

The region has a number of economic sectors where there is scope for growth and where there already exists a strong record of cross-sectoral working:

Volume	Value
<p>This relates to sectors which, while still valuable, provide lower levels of productivity and are often seasonal. Whilst currently providing lower value economic growth opportunities, these sectors are of particular economic importance to our rural and coastal areas. The performance of these sectors ensures a level of resilience in the local economy, and may provide opportunities for added value and innovation given the right support:</p> <ul style="list-style-type: none"> • Agriculture • Creative Industries (cultural business) • Food and drink • Health and social care • Tourism/leisure/hospitality 	<p>Those sectors with identified growth potential and which are in a position to provide more highly paid, skilled employment. Some of these already have a strong presence within the local economy while the opportunities from others are just beginning to emerge. There is an opportunity to grow these sectors and move them further up the value chain:</p> <ul style="list-style-type: none"> • Creative Industries (digital business) • Energy - particularly renewables and their supply chain • Forest and timber technologies



Investment for growth

There are already a number of key investments being made in Dumfries and Galloway that have the potential to have a significant impact on the region's economy:

- **Dumfries Learning Town:** This investment is about planning and delivering education across all of Dumfries. It seeks to ensure that the town's schools, colleges universities and local businesses work together to deliver the best possible outcomes for local children.
- **M74 Corridor Area:** As part of the South of Scotland Alliance's Rural Regional Economic Development Programme for the South of Scotland an Economic Development Strategy will be developed for the M74 corridor.
- **Stranraer Waterfront Regeneration:** As part of the South of Scotland Alliance's Rural Regional Economic Development Programme for the South of Scotland there will be regeneration programmes for Stranraer Marina and East Pier.
- **Crichton 2020+:** The Crichton 2020+ Business Plan's vision is: "The Crichton will be recognised locally, nationally and internationally as a beacon for knowledge

and innovation-based sustainable development that will benefit Dumfries and Galloway and Scotland as a whole".

The Crichton Campus Leadership Group (CCLG) was created to facilitate a shared understanding of the skills, education and training needs of Dumfries and Galloway. It also has a key role in raising the profile and maximising the impact of collaborative activity on the Crichton campus for the region. It will also capitalise on the attractiveness of its unique location in the UK and international markets.

Our strategic actions will dovetail with the Crichton Business Plan and the CCLG to support delivery of the objectives contained within the Business Plan and the Crichton Campus Outcome Agreement.

- **Chapelcross Site:** The Chapelcross site has the potential to provide strategic employment land for research and development, manufacturing, and industrial uses. It will be an important part of the strategy focusing on the M74 corridor.



Chapelcross Site Redevelopment Vision

Context

European Context

Support from the European Union for the 2014-2020 funding programmes has reduced and the method of funding has changed. Common Agricultural Policy funding will be gradually reduced over the lifetime of this Strategy. Changes in the rules for other funding programmes, such as the European Regional Development Fund, are also likely to have an impact on the region.

The Europe 2020 strategy is about delivering smart, sustainable and inclusive growth with a strong emphasis on job creation and poverty reduction. The strategy also aims to use more effective investments in education, research and innovation while all the time moving towards a low-carbon economy. The European Union provides the context in which a range of national and regional policies are developed. This Strategy supports the objectives of Europe 2020 and makes a positive contribution to their achievement through the alignment of our strategic priorities.

In addition parts of Dumfries and areas to the east of the region have been granted Assisted Area status. Businesses within these areas may now find that funding they were previously ineligible for is now accessible, or that terms of existing Government grants are more generous.

Cross Border Context

The Borderlands Initiative is a partnership between the five cross-border Scotland/England local authorities (Scottish Borders Council, Dumfries and Galloway Council, Carlisle City Council, Cumbria County Council and Northumberland County Council) together with representatives from the Association of North East Councils. These local authorities are working together along with the Scottish and UK Governments and other strategic partners to create opportunities for economic growth in the area.

The partnership is working on a strategy which will make a strong case to the UK and Scottish Government for assistance. This will serve to make the Borderlands' economy stronger and more dynamic, while raising economic production and supporting greater opportunities for the people in our areas.

By adopting a strategic approach to cross border partnership, the Borderlands Initiative is looking to strengthen the case for more public and private investment in the Borderlands area. This will add value to the ongoing actions of local authorities and other organisations.

National Context

Scotland's Economic Strategy, published by the Scottish Government in 2016, makes an explicit link between increasing economic growth and tackling inequality. Policies will be designed which target competitive strengths while also supporting growth across all communities in the wider economy.

Our strategy emphasises the role of the third sector in empowering local communities and supporting structures that enable individuals to participate in society. It reflects these considerations and the link between economic growth and tackling inequality is at the centre of it.

Scottish Enterprise is Scotland's main economic development agency and aims to deliver a significant lasting effect on the Scottish economy. Its role is to help identify and exploit the best opportunities for economic growth and build Scotland's international competitiveness.

Skills Development Scotland is the national skills body supporting the people and businesses of Scotland to develop and apply their skills. Its role is to help the skills and learning system to better respond to the needs of the economy, and to help individuals and businesses access the right learning and skills development opportunities.

Our Strategy will support more focused delivery from Scottish Enterprise and Skills Development Scotland as the region's specific needs are laid out in the Strategy. The Regional Skills Assessments for the South of Scotland will be used to underpin delivery of skills training in schools and colleges in order that our people have the right skills to meet employers' needs.

Regional Context

Our priorities for the region's economy are reflected in the 2013-2016 Single Outcome Agreement:

- 2: We will prepare our young people for adulthood and employment
- 4: We will support and stimulate our local economy

Priority 4 aims to achieve sustainable prosperity by attracting and retaining successful businesses and quality jobs in our key sectors of food and drink,

agriculture, forestry, the arts and culture, and tourism. However, we are always looking outward for other opportunities too.

Through the Single Outcome Agreement the Community Planning Partnership will develop a shared 'plan for place'. This will be achieved by mobilising public sector assets, activities and resources from the public, private and third sectors together with local communities.

Our priorities are also reflected in Dumfries and Galloway Council's Priorities and Commitments particularly:

Priority 1: Build the local economy

- Improve the level of skills within our communities and workforce
- Support our small and medium sized businesses to be established and grow
- Invest in our key infrastructure
- Provide an attractive location to do business
- Develop a diverse economy that creates sustainable, high wage job opportunities



The Local Development Plan (LDP) sets out the strategy to guide future land use and development within Dumfries and Galloway until 2024. It sets out a vision of a thriving region with a sustainable economy, and provides a positive planning policy framework. This includes the allocation of

sufficient land in a range of locations to meet business and industry requirements for the next 20 years. In addition, the allocation of major new housing and mixed use development sites will assist the recovery and development of house building sectors locally.



Stakeholders' Perspectives

In putting together our strategy we talked to a wide range of stakeholders from across the region including the Strategic Partnership. Whilst the challenges facing the regional economy were frankly discussed there was also an acknowledgement that Dumfries and Galloway has many opportunities that could be better exploited.

Over the course of the consultations undertaken by the Crichton Institute and Dumfries and Galloway Council a number of key themes were identified by our stakeholders as being important:

- There should be a longer term focus when identifying the projects that have the greatest potential to contribute to the region's economy.
- Priorities and resources should be provided to help support and develop specific sectors.
- The self-confidence of the region needs to be raised with better lobbying, wider participation and strong leadership.
- The region should develop a more cohesive offer to attract private sector inward investment - particularly in industries where the region has existing strengths.
- Public sector bodies need to be better organised in delivering to, and supporting businesses as well as being more responsive to their needs.
- Improvements in broadband emerged as a clear priority. If the region was to lead the way in broadband provision across rural Scotland this would bring significant benefits.



Our Vision

*“By 2020, Dumfries and Galloway will have a more **diverse and resilient** economy. One which is capable of taking advantage of opportunities by combining an appropriately **skilled** workforce and **connected** infrastructure to support more prosperous and **inclusive** communities where every member of every community has equality of access to that prosperity.”*

Our Vision Explained

Diverse

Having a wide range of businesses, in terms of both size and sector, that will support the raising of the region's profile. This will be achieved by increasing its visibility at a national level in terms of policy, lobbying, inward investment and promotion of the region as a place to visit.

Resilient

Empower communities to have the capabilities to develop local economic development initiatives through social enterprise. This will ensure that we are better able to withstand economic turbulence caused by factors beyond our control.

Skilled

More people gaining vocational qualifications leading to a better skilled workforce that will attract businesses to invest in the region, bringing with them higher paid jobs that help to tackle the region's low pay.

Connected

Investing in the region's infrastructure, both digital and physical, to ensure that our businesses can take advantage of wider business opportunities offered by improved connectivity.

Inclusive

Ensure that growth supports those most disadvantaged or distant, from the labour market. Address worklessness by reducing the rates of unemployment and underemployment and, promoting the living wage as a means of deriving both social and economic benefits for the region.

Strategic Objectives

<p>More Growing Businesses Capitalising on the strength of the region’s base to increase productivity and provide the conditions for business-led growth.</p>	<p>Diverse Resilient Skilled</p>
<p>Developing Places Empower the region’s communities to address their distinct economic challenges and opportunities.</p>	<p>Diverse Resilient Inclusive</p>
<p>Better Skills, Better Opportunities Create a vibrant culture of opportunity in the region to retain and attract people of working age and improve the competitiveness of individual businesses.</p>	<p>Skilled Inclusive</p>
<p>Well Developed Infrastructure Enhancing regional connectivity, removing barriers to business competitiveness and improving access to economic opportunities for individuals and businesses.</p>	<p>Connected Resilient Skilled</p>
<p>Investment Projects Large investment projects that will make a significant impact on the regional economy.</p>	<p>Connected Skilled</p>
<p>Leadership Attainment of our aspirations requires a shared vision and partnership working across the public, private and third sectors along with our providers of further and higher education. Our partners must demonstrate strong, confident leadership and effective partnership working.</p>	<p>Skilled Resilient Diverse Connected Inclusive</p>



Strategic Actions

1	2	3
<p>More Growing Businesses Capitalising on the region's entrepreneurial spirit to increase productivity and provide the conditions for business-led growth.</p>	<p>Developing Places Empower the region's communities to address their distinct economic challenges and opportunities.</p>	<p>Better Skills, Better Opportunities Create a vibrant culture of opportunity in the region to retain and attract people of working age and improve the competitiveness of individual businesses.</p>
<p>Contributes to Diverse, Skilled and Resilient</p>	<p>Contributes to Diverse, Resilient and Inclusive</p>	<p>Contributes to Skilled and Inclusive</p>
<p>Baseline evidence</p> <ul style="list-style-type: none"> • Relatively low business start-up rate • Dependence on public sector employment • Large numbers of micro businesses and self employed • High number of businesses in volume sectors with low GVA 	<p>Baseline evidence</p> <ul style="list-style-type: none"> • Rural region • Town centre studies • Conservation area appraisals • Broadband rollout • Public sector capital investment • Fuel poverty • Travel to work times • LDP technical papers • Demographic changes • Strong local communities 	<p>Baseline evidence</p> <ul style="list-style-type: none"> • Falling working age population • Large numbers of SMEs and self employed • Relatively high numbers in low skilled employment • High rate of youth unemployment • Low wage economy
<p>Activities</p> <ul style="list-style-type: none"> • Support growing businesses • Support higher value businesses • Develop and strengthen the supply chain • Develop and strengthen business leadership • Develop and strengthen public sector partnerships to deliver more joined up advice and support to businesses 	<p>Activities</p> <ul style="list-style-type: none"> • Maximise community benefits from investment • Invest in effective transport links • Develop and strengthen the region's social economy • Enhance and protect built and natural heritage assets 	<p>Activities</p> <ul style="list-style-type: none"> • Generate local employment • Produce a workforce with the right skills • Maximise the potential of the Crichton campus • Increase opportunities for the region's young people
<p>What we will achieve</p> <ul style="list-style-type: none"> • More new businesses • More growing businesses • More jobs 	<p>What we will achieve</p> <ul style="list-style-type: none"> • Better ICT infrastructure • Better transport links • More benefits from investment via community benefits clauses • Improved town centre environments • More social enterprises delivering local services 	<p>What we will achieve</p> <ul style="list-style-type: none"> • More growing businesses • Positive destinations for all school leavers • Better skilled workforce • Better paid jobs

Strategic Actions

4	5	6
<p>Well Developed Infrastructure Enhancing regional connectivity, removing barriers to business competitiveness and improving access to economic opportunities for individuals and businesses.</p>	<p>Investment Projects Large investment projects that will have a significant impact on the regional economy.</p>	<p>Intelligence, Leadership and Influence Attainment of our aspirations requires a shared vision and partnership working across the public, private and third sectors along with our providers of further and higher education. Our partners must demonstrate strong, confident leadership and effective partnership working.</p>
<p>Contributes to Connected</p>	<p>Contributes to Connected</p>	<p>Contributes to Diverse, Skilled, Connected, Resilient and Inclusive</p>
<p>Baseline evidence</p> <ul style="list-style-type: none"> • Broadband rollout • Low number of businesses in knowledge intensive sectors • High number of businesses in volume sectors with low GVA 	<p>Baseline evidence</p> <ul style="list-style-type: none"> • Lack of inward investment • Declining population • Low wage economy • Low skills levels 	<p>Baseline evidence</p> <ul style="list-style-type: none"> • Low wage economy • Low skills levels • Low GVA
<p>Activities</p> <ul style="list-style-type: none"> • Invest in ICT Infrastructure • Invest in effective transport links • Maximise the potential of available employment land and property 	<p>Activities</p> <ul style="list-style-type: none"> • Undertake inward investment activities • Maximise the potential of the Crichton campus <p>Investment in:</p> <ul style="list-style-type: none"> • Chapelcross site • Stranraer Waterfront • M74 corridor • Dumfries Learning Town 	<p>Activities</p> <ul style="list-style-type: none"> • Promote regional equity • Maximise the role of national agencies in the delivery of this Strategy • Provide leadership and lobbying in the promotion of the region
<p>What we will achieve</p> <ul style="list-style-type: none"> • Better ICT infrastructure • Better transport links • More growing businesses • Increased inward investment 	<p>What we will achieve</p> <ul style="list-style-type: none"> • More jobs • Better paid jobs • More investment • Increased inward investment 	<p>What we will achieve</p> <ul style="list-style-type: none"> • Higher regional self confidence • Increased inward investment • Higher national profile

The Outcome

We will know we have made progress towards the achievement of our vision because:

1. We will have the highest youth employment rate in Scotland by 2020²
2. Business growth in the region has grown faster than in Scotland as a whole between 2016 and 2020³
3. We will reduce the wages gap between the regional and national average by 20%⁴

Against the background of reducing public sector funding, welfare reforms and European Union funding it is important that we take a planned approach to intervention which can drive economic and employment growth by:

- Building on and promoting the many strengths of Dumfries and Galloway
 - Addressing the identified economic challenges
 - Focusing on private sector led employment growth
 - Maximising the contributions of public and national partners
 - Empowering local communities
 - Focusing on lobbying for greater regional equity
- 2 NOMIS
 - 3 Regional Gross Value Added - Income Approach - published annually by Office for National Statistics
 - 4 Annual Survey of Hours and Earnings (ASHE) - published annually by Office for National Statistics

Economic Leadership Group

Realising our vision will require an effective partnership between our businesses, public agencies and social enterprises. This group will need to provide leadership and resources to build confidence and to generate innovation and economic growth for the region. Alongside this partnership we need capable and ambitious leadership.

Our Strategic Partnership brings together leaders from across all sectors to provide strategic direction for our region. This will help us to realise our vision and help to develop regional leadership. We will put mechanisms in place via our Community Planning Partnership which will establish an Economic Leadership Group to oversee the successful implementation and delivery of our Strategy.

The Leadership Group will act as a strategic visioning and oversight body for delivery of our Strategy and will ensure that the accompanying Action Plan is delivered. It will aim to inspire business and public sector leaders to help deliver sector and cross-sector actions in, and for the economic benefit of, the region.

Membership will be drawn from the private and public sectors and will comprise: private sector business leaders; representatives from social enterprises; Dumfries and Galloway Council; Dumfries and Galloway College; Crichton Campus Leadership Group; Skills Development Scotland; Scottish Enterprise; social enterprise and the Scottish Council for Development and Industry.

Private-sector leaders associated with the Leadership Group will offer their knowledge and experience of the region, Scottish, UK and international economies. They will also offer advice on the key and cross-sectoral issues identified by our Strategy. Their input will help provide focus and direction to Dumfries and Galloway's economic development efforts and that of its key sectors and cross-sectoral issues.

An Annual Report will be commissioned by the Leadership Group which will report success to date in the delivery of the aims of our Strategy and provide comment on future challenges and opportunities.

Delivery

An annual Action Plan will be put in place to monitor delivery of our Strategy. It will identify specific measures and targets. It isn't intended to be a complete list of all economic development activity taking place in Dumfries and Galloway. It will, however, offer a distillation of those key actions that have the potential to deliver the greatest impact for the regional economy and deliver against the vision and measures contained in the Strategy. Each action will have a performance indicator against which it will be measured and, where possible, existing indicators will be used.

The Action Plan will be reviewed, at least annually, by the Economic Leadership Group and will support the Annual Report.

Priorities and actions in the Action Plan may change over the lifetime of our strategy and it will be updated as required. As such the Action Plan will be a dynamic document capable of responding to change.

Actions outlined in the action plan will be delivered either by a lead partner alone or working in partnership with other organisations.

Lead partners will have a responsibility to define and deliver detailed actions outlined in the Action Plan.



If you would like some help understanding this or need it in another format please contact 030 33 33 3000

For further information, please contact:

Economic Development,

Militia House, English Street, Dumfries DG1 2HR

Tel: 030 33 33 3000

Web: www.dumgal.gov.uk