



Scottish Affairs Committee

Oral evidence: [Our Borderlands – Our Future](#), HC 571

Monday 26 January 2015

Ordered by the House of Commons to be published on 26 January 2015.

[Watch the evidence session](#)

Members present: Mr Ian Davidson (Chair); Mike Crockart; Graeme Morrice; Pamela Nash.

Questions 18-33

Witnesses: **Jane Meek**, Head of Economic Development, Carlisle City Council, **Ewan Green**, Head of Economic Development, Dumfries and Galloway Council, **Douglas Scott**, Senior Policy Adviser, Chief Executive's Department, Scottish Borders Council, and **Janice Rose**, Economic and Inclusion Policy Manager, Northumberland County Council, gave evidence.

Q18 Chair: Welcome to this session in Langholm as part of our initiative to look at the Borders of Scotland, the Borderlands. Originally we started off by looking simply at the question of whether the Borders and the south of Scotland were getting a fair deal but that has broadened into a whole number of things that we have been looking at, as you will have seen from the report. We have particularly been comparing the Borders with the Highlands and the Islands. We produced a report earlier both on the Crown Estate and on “Our Islands - Our Future”, and we were very struck in looking at both of those areas by the extent to which the local authorities played an absolutely key part in driving forward various initiatives. One of the things that has struck us, comparing the Borderlands with the Highlands and the Islands, has been the lack of similar drive and initiative, apparently, from local authorities, particularly on the Scottish side but also—although obviously we have less involvement—on the English side, but just in general terms.

During your evidence, as we ask various points, could you try to give us an understanding as to why that has been, whether it is just historical or there are geographical or structural reasons for that? As you are probably aware, the “Our Islands - Our Future” has been very much member-led by a few dynamic council leaders, as has the initiatives on taking control of the Crown Estate. We have not been conscious, as I say, of anything similar for the south of Scotland, which is an area of as much if not greater need in many ways.

Could I start off by asking you to identify yourselves for the record and give us a summary of your role in the respective local authorities?

Jane Meek: Thank you. My name is Jane Meek. I am the Director of Economic Development at Carlisle City Council. I have been working at Carlisle for just over four years now. One of my first tasks when I came to Carlisle was to go and meet my colleagues north of the border to talk about how we can work better together, particularly on the planning side and the transport side. I don't really see there being a border as such. My view is that we are neighbours and we need to work together.

Ewan Green: Good morning. I am Ewan Green. I am the Head of Economic Development in Dumfries and Galloway Council. That covers a remit including support for businesses, employability and skills and major regeneration projects, which is a significant issue for the M74 corridor.

Douglas Scott: My name is Douglas Scott. I am Senior Policy Adviser with the Scottish Borders Council. I advise the council across a range of policy issues, economic, social and service issues. I have been very involved in setting up the South of Scotland Alliance and with the Borderlands Initiative as well.

Janice Rose: Janice Rose. I am a Policy Manager at Northumberland County Council. I have worked there for 35-odd years and so I have a fairly good understanding of the policy areas. I have a very similar role to Douglas's in terms of economic and social and how the two interact. You can obviously tell I have a Scottish twang. I came from the Scottish Borders originally so I have a good feel for both sides of the border and hopefully that has helped us to try to do some of the work.

Q19 Chair: Thanks very much. I am not sure whether or not any significance should be attached to the fact that the women are from the English side of the border and the men are from the Scottish side.

Could you give us an update on the Borderlands Initiative and tell us what you think its key priorities are, how it is developing, and whether or not there is anything that could be done from outside to help it develop more quickly and more effectively?

Jane Meek: I will start and my colleagues will come in and add to what we have been doing. We have been working together for just over 12 months, probably 18 months now, and we had the first Borderlands summit in April last year. That was done on the basis of an academic paper that was produced on the benefits, opportunities and issues that face the Borderlands area, both north and south of the border. We started gathering lots of evidence and looking at what we could actually do.

As far as the challenges that are facing the Borderlands, we have what you have talked about already: low economic production, low GVA, low wages, an ageing population and increasing rurality. As far as opportunities are concerned, we identified four key opportunities: economic corridors, particular economic sectors in forestry, tourism and energy, education and skills, and digital connectivity. Those were the four key priority areas that we identified and that we have been working on. Funnily enough, today we were due to have an officer working group on the Borderlands Initiative and a few of us are here today rather than at that working group, but in Carlisle this morning we are having a

tourism workshop and starting to explore further how we can best work together. That is bringing all the tourism sectors together and having them start to think about what the issues and opportunities are across the border for that particular economic sector. That is an area of review.

We had another summit in November when all the authorities came together in Carlisle and confirmed the key priorities. We are now beginning to work on those in a bit more detail, with a view that we should be able to identify those areas where we can get some quick wins, those things where we can work together as authorities in order to further the economy of the area, but also to look at what our asks of Government might be. We want to be able to go to Parliament, to Westminster or the Scottish Parliament, and say, “These are our asks and these will be the outputs that we will get by having these asks”. We are working on that now and that is the next stage of our work.

Q20 Chair: As I indicated earlier on, there is no need for people to repeat what has already been said but we always quite welcome disagreements being aired in front of us, or creative tension as someone generously described it.

Douglas Scott: It is clear that there are considerable opportunities to develop across the piece and certainly the local authorities have been working well with each other. Looking into the future, you can see opportunities. Looking at the infrastructure, we talked earlier on about Carlisle airport. It is also capturing the economic benefits from improvements in major routes such as the A74-A1-A68 and also linking into the M6-A34 and so on. The area is very accessible with links into Scotland and England and into Ireland as well. We have a large number of small international companies, so it is trying to make the most of that potential. Maybe the way forward would be some sort of Borderlands deal in the future that follows something similar to the City Deals. That might be something that we would be coming to the UK Parliament and Scottish Parliament to talk about, but it is still early days yet.

Q21 Chair: Can I come to this question of the drive behind it? I mentioned earlier on about having been in the Highlands and the Islands as well. Officials and official departments are fine, however you are always limited by whether or not you have political support. The thing that struck me about the Islands and the campaign about the Crown Estate was that this was clearly politically driven and had a big political push behind it. I do not think any of us from Parliament have had the impression that there is the same momentum politically behind any of this, whether it is the South of Scotland Alliance or the Borderlands Initiative. Are we picking up the right impression or is that mistaken?

Jane Meek: I would say that is mistaken, to be honest. From my perspective, my politicians have been very enthusiastic about this initiative and see the benefits of working with our neighbours north of the border. In particular, Carlisle is the centre of the economic functional area so it makes common sense for us to be working with authorities north of the border. From my perspective, I have full support from the leader of the council for the Borderlands Initiative and he is taking a personal interest in this.

Ewan Green: I would agree with that, but I think probably what we have not done is present a very compelling case for political leaders in the past. The work we are doing now in the Borderlands Initiative, while there are some quick opportunities, is really

about: we have challenges but what are the solutions, what is the opportunity, and creating that compelling case for political leaders to then support.

Douglas Scott: I omitted to say that my first job was with the Highlands and Islands Development Board, so I have a very good perspective on the situation. I have been working in local government and the public sector for over 34 years. The Highlands and Islands Enterprise was an organisation set up to deal with the Highlands problem, as it was described back in 1966, and there has been a whole history with respect to that. When you talk about the difference, it is not just the south of Scotland, it is other rural regions as well. We have not had that benefit, but there are similar issues across the piece.

In order to look at these things from a south of Scotland point of view, the South of Scotland Alliance was established and we have tried over the years to push things forward. We have been very successful in attracting European funds; up until 2013 something like £60 million has come in across the south of Scotland from European funds. If you look across the piece, you will see in most economic development projects that there is a European sign. So we have been very successful there. We very much advocated for regional connectivity, the next generation broadband, because it is absolutely vital that we have top class broadband. We lobbied for the previous broadband Pathfinder project that amounted to over £40 million. We are also involved in the SWAN network that links public buildings. We are doing a lot in digital, and we are pushing very hard on mobile phone coverage and advocating very strongly on that.

We have been very successful in pushing assisted area status and achieved a designation of a corridor along the A7 from Edinburgh right down, and that was through the South of Scotland Alliance. We are also doing a lot of work on small towns and pushing very hard on that. When you think about it, often towns are forgotten. You have a rural agenda and a city agenda and towns are forgotten, and towns are critical to the south of Scotland and further afield. We have lobbied very hard on the Common Agricultural Policy as well. So the South of Scotland has done a lot and, like Ewan said, we need to start to up the ante here because obviously we have to get a much higher profile. The latest thing we did—and you will be aware because it is mentioned in your paper—is working with Scottish Enterprise on the South of Scotland Rural Regional Economic Programme. We have key projects in that that we are pushing ahead with. There is much further work required looking at innovation and internationalisation and leadership, and these are things that we need to push very hard.

Moving into the future, we have to up the ante on all of this. We feel we have been successful so far but we need to increase that success and also work closely with our Borderlands colleagues as well.

Janice Rose: One of the key things from our first political meeting was that there was a really solid political understanding of some of the generic issues that we had and a lot of commonality, but we perhaps did not have the same understanding about the assets that we had collectively. No single person at the summit had an understanding of the four or five areas that we were talking about. We have spent a lot of time over the last year building up a critical mass of understanding rather than just coming up with problems. We realise we have similar challenges but actually what is an asset-based approach and how can we understand the importance of Longtown, Carlisle airport, Hexham, Hadrian's Wall collectively rather than perhaps us all understanding only one bit of it. I think we have a

lot better understanding and, as the other speakers have said, we are in a much better place now to start to think about what are the asks of Government and ourselves to take that agenda forward collectively.

Q22 Chair: We have spent quite a lot of time collecting both oral and written evidence about the nature of the issues and how they are being addressed and so on. I want to come back to this question of why it has taken you so long to get to this point. Douglas, you mentioned having been involved in HIE and things like that. That was years ago. Similarly, the “Our Islands - Our Future” thing has been running to one extent or another for years and years. You seem to be just so far behind the count. Having been originally from the Borders, I am conscious of “always been-ism”, “It has always been this way and therefore we don’t need to change” sort of thing. Is that still holding the Borders back or can you give me another explanation as to why it has taken you so long to get to the position you are in now?

Douglas Scott: I don’t necessarily agree with what you are saying. The South of Scotland Alliance has been going since 2003, so we have been pushing very hard. We had a strong regional element with the Scottish Borders Enterprise. In our whole history, we have had a local and regional focus. We have had European funding that has been regionally focused as well. I would say that we have had a great success. The Borders railway was done through a lot of lobbying and is a great success, and we are building on that to try to capture the benefits of it. I would say that we have been doing a lot but we need to do a lot more.

As I said, the Highlands and Islands have benefited because they have an institution behind it. We have not had that sort of capacity and institution. Saying that, I feel that with the capacity and resources we have had we have done a reasonable amount of work so far, but we need to build on that. I think you have to look at what has happened over the years. It is only over the last year or so that the Islands initiative has managed to look at their own situation. What we are trying to do is feel our way forward and follow on from what we have already been doing.

Jane Meek: I think the will is there across the authorities. There are differences in the way economic development is dealt with north of the border compared to how it is dealt with south of the border. When I sit and talk to my colleagues, I see some difference in how the Scottish Parliament supports economic development and how there is connectivity straight into the Scottish Parliament from my colleagues whereas in Carlisle, where we are right on the edge of England, it is more challenging for us to get into Westminster. We welcome the opportunity to talk to you today, but it is very challenging for us to get to speak to Ministers about economic development in Carlisle and what the issues are. They have a different focus and there maybe is not quite the support for what is perceived to be a relatively small city on the edge of England, and that is a problem for us.

There are differences in how economic development is approached and it makes that almost a bigger hurdle for us to overcome and to get our level playing field in order to understand what the issues facing us are before we can then move on to developing a strategy. It will mean that if we do come up with a proposal, an agreement or a deal, we will have to talk to Westminster and the Scottish Parliament for asks because both have responsibilities for those areas, and that is going to be interesting.

Q23 Pamela Nash: I want to focus on the Borderlands Initiative and ask, other than those elements that have already been mentioned, what exactly is it needed for? What are the unique attributes of this initiative that make it necessary? There have been concerns raised with us in previous evidence that there might be a duplication of effort, that other organisations are already doing what the Borderlands Initiative is setting out to do. Do you think that is a legitimate concern? What is the unique value of the Borderlands Initiative? What are the obstacles to growth that have not been overcome before that you think the Borderlands Initiative will overcome?

Douglas Scott: First of all, what makes the Borderlands Initiative unique is that we are talking about a cross-border area. You talked about organisations that look across both sides and there are organisations that are looking across each side of the national border, so there is a gap there that has not really been addressed. There are elements of co-operation that take place on various things but not maybe looking holistically across. The Borderlands Initiative provides an opportunity for the five councils, with support from the UK and Scottish Governments, to look at these particular issues.

The issues that we need to deal with are looking at whether we are getting the transport connections right, looking at the economic benefits. We do have similar economic problems and together we can add value to what we are all going to do. There are major opportunities for tourism, for example. When you think about the distance the Borderlands area is from some of the bigger cities, there is a huge opportunity to be pushing things like mountain biking, the whole outdoors things, linking in with the railway station investments we have. We can see quite a strong tourism investment in terms of road connections as well. For example, the A1 investment will be going to Alnwick and what happens after that? What about the future of towns like Berwick and how does that link into the Scottish Borders? How can we look at the economic interaction between Berwick and Berwickshire and strengthen that? That also applies to Carlisle and Hawick. Hawick is a town that we are looking to develop and diversify on the opening up of Carlisle airport. The push for the extension of the Borders railway back to Carlisle would be a great thing to achieve because that would improve the whole accessibility of the southern Borders and would create more options for these towns.

I see the Borderlands as being an opportunity to explore these sorts of opportunities, trying to increase our accessibility but also increase other opportunities through tourism, forestry was mentioned and maybe energy as well.

Ewan Green: If I can just add to that, there are a number of significant issues that have raised the Borderlands position—the referendum, devolution, contraction and structural change to the public sector—which means there has been a heightened focus on our consideration of not just the south of Scotland and what happens to the border but working with colleagues across the border. I think the Borderlands Initiative will help avoid duplication. One example is the potential of the MoD site at Longtown as a logistics hub. That site will have significant opportunities for Dumfries and Galloway and Cumbria and Carlisle. The issue of logistics and a hub on the M6-M74 is something both counties are looking at. By working together more closely through the Borderlands Initiative on that we can maximise the impact and work together as opposed to two or three authorities trying to do the same thing in one area.

I think it is about looking at what the strategic opportunities are and quite a number of them are around significant sites that have both a UK and Scottish Government input, if you think of MoD sites at Eastriggs and Longtown and Chapelcross in terms of the decommissioning of nuclear power stations. What I see is that we have unique opportunities in these strategic economic issues that can only be taken forward effectively in a Borderlands Initiative, or certainly with the cross-working that is generated through Borderlands.

Jane Meek: South of the border we have LEPs, local economic partnerships, and to be honest with you, I think if we were doing a LEP for Carlisle and there was the same initiative in Scotland, our LEP would extend into Dumfries and Galloway and part of the Scottish Borders because that is the natural economic functional area. We are almost creating a virtual LEP in developing a strategy to deal with economic development. Like Ewan said, that conversation, that communication and understanding that high level strategy is really important and would avoid duplication.

Janice Rose: From a Northumberland perspective, we are in a LEP that is bigger than Northumberland and does not include any of the rest of the Borderlands area. It is Newcastle, Tyne and Wear, and it is a very important environment for us. We are a statutorily combined authority, but that is not to say we don't still see the value of the Borderlands because some of our communities look in different directions and we need to recognise that geographies naturally have to overlap. As Douglas has already said, the people who live in Berwick do not recognise it sits on a border. There are people in the Scottish Borders who work there and use that as a service centre. Similarly, Otterburn or places like that in Northumberland will use Jedburgh and Kelso. We have to recognise that it is using our best endeavours to make sure we are working the best for the communities. I wholeheartedly agree that this will reduce duplication rather than add to it because it will give us that focus to pitch for what those communities need.

Q24 Graeme Morrice: You were saying south of the border you have LEPs. In previous evidence it was suggested by witnesses that Scotland should have LECs again, just to confuse things.

You have covered a lot of what I was going to ask, but can I just clarify what the actual links are between the Borderlands Initiative and the South of Scotland Alliance? What are the structural links? Are there regular meetings? Are there joint officers appointed to administer what is happening in both areas? How does it all come together and what is the local democratic input into that to make sure there is a political overview of what is happening on both sides of the border?

Douglas Scott: The South of Scotland Alliance is very much a lobbying vehicle but we are also involved in external funding and joint projects. It is local authority politicians who oversee it, and that includes our leaders, and it involves the Scottish Borders Council, Dumfries and Galloway Council and Scottish Enterprise. We rotate the chairmanship of the South of Scotland Alliance each year between the Scottish Borders Council and Dumfries and Galloway Council. With the Borderlands, it is local authorities and the leader and the economic development portfolio who are involved in that. Basically, the same people are on the South of Scotland Alliance who are overseeing that so we have been able to use the South of Scotland Alliance to update members on where we are and

we have been able to get advice from that. It has been a lot easier to work with our colleagues south of the border because we have had that working relationship.

The South of Scotland Alliance has been going since 2003, with our South of Scotland Forum back in 2001, so we have been working a long time together and that has helped a lot in managing the relationship. It is the same officers from Dumfries and Galloway and Scottish Borders who are involved with the South of Scotland Alliance who are also involved with the Borderlands. The South of Scotland Alliance employs an officer and he has been able to help out with the Borderlands Initiative as well. That is how it has worked. We do not have a big capacity and that is maybe something we need to have more of, especially if we were moving towards a deal. We need to get more capacity in to support us with respect to that. The Borderlands Initiative just started last year, so we are still working our way through it.

Ewan Green: Just one comment to add: the Scottish Government recognises the South of Scotland Alliance as a body and a forum. That manifests itself in different ways in discussions with Government but also in consultation about things like European funding and changes. From that point of view, it provides a way for the south of Scotland to directly input to the Scottish Government.

Janice Rose: We do not have that same relationship in the north of England with Cumbria. To reiterate, perhaps that is because of the political geography of the past that was manifested in England; some of that has gone and that is why we have been able to open the dialogue. Things like regional development agencies and government offices were predicated around the Pennine border, so we tended to look east and Cumbria looked west. As a result of some of that infrastructure disappearing, it has helped us to open up that dialogue again. It should not have been a barrier but it seems as though it has been. The demise of those organisations has allowed us to think more creatively, although we do not have the same infrastructure as the south of Scotland at this juncture.

Q25 Graeme Morrice: So you are now looking north as well as east and west?

Janice Rose: Yes.

Graeme Morrice: Good.

Q26 Chair: Could I ask the representatives from the Scottish authorities, in terms of you looking north as well, obviously there is an overlap in interest between yourselves and some of the adjacent authorities who have big rural communities as well. What is your relationship with them? For example, South Ayrshire, South Lanarkshire will have a lot of shared issues with you. Do you have liaison with them and is there any way in which the Borderlands and South of Scotland Alliance is cramping your style, as it were, in dealing with them.

Douglas Scott: In this day and age, we talk about soft power. Certainly, we talk to our colleagues in Ayrshire and South Lanarkshire. They have similar issues to us as well, especially if you look at the challenges we face in terms of low GDP, low wages, ageing population, rurality of small towns. They have similar issues. We work with them. We have talked to them about European issues. They are also involved heavily in the work we have been doing in towns as well.

Certainly, from the Scottish Borders point of view, obviously we have to work with our colleagues in the Edinburgh City area as well. We are working with them, particularly on the Borders railway, looking at opportunities with respect to that map thing because there will be strong links in that direction as well, particularly in the northern borders.

We have a planning and development function as well for that area. Basically, what we do is look at working with our strategic alliances to try to add value to what we are doing. Yes, you are absolutely right, there are commonalities with these other rural regions. Certainly, there is also the new rural Parliament that is coming about involving community and voluntary groups. Again, there are common rural issues like broadband, mobile phone coverage and so on, which go across the rural regions. We have been using our power on the South of Scotland to try to lead that direction from a rural perspective in Scotland. Yes, we do look at other alliances and try to work with them.

Ewan Green: On an operational level there are good links, certainly with Dumfries and Galloway and South Ayrshire/East Ayrshire. I don't think we can ignore that the further north you go on the A74 corridor the relationship between these authorities and Glasgow becomes stronger. There is an aggregate of scale there and opportunity. One thing that Borderlands gives us is an opportunity to demonstrate a scale of that level, or a significant level anyway, to try to demonstrate, as we talked about, this idea of potentially a Borderlands deal being of the same significance and impact as the likes of a City Deal may have on the neighbouring authorities to Glasgow, of which South Lanarkshire and North Lanarkshire are obviously two of these.

Chair: Before I turn to Mike, can I say, Douglas, I have played rugby in Langholm. The term "soft power" is a term I never thought I would hear used in Langholm.

Q27 Mike Crockart: Can I turn specifically to the role of Scottish Enterprise but widen it out a little bit as well? It is interesting because the number of times that I hear people in England looking at Scottish Enterprise and saying, "I wish we had something like that" is exactly equal to the number of times that I hear people in Scotland decrying what goes on with Scottish Enterprise. It is interesting the different takes on it. There does seem to be a debate in the south of Scotland around the role of Scottish Enterprise. Scottish Enterprise itself makes its case that putting its head of textiles and other things centres it quite well. Both of the Chambers of Commerce have submitted evidence saying that they do not think it is a good structure. Even in your evidence here, Douglas, you have talked about the good input that it has in the rural regional economic development programme, but at the same time saying, "But we could do with something much more like Highlands and Islands Enterprise". Is that the model that the two Scottish councils would favour or is it a wider thing that needs to be done in creating a virtual LEP that covers both sides of the border? What is the structure that we are aiming for here?

Douglas Scott: I think the thing with Scottish Enterprise is obviously about the national approach. I should say I didn't say like the Highlands and Islands Enterprise, or I have not said it in so many words. Basically, if you think about the south of Scotland, it is very much an area of micro businesses, small businesses, very much a rural region of businesses and so on. We have challenges in terms of our low GDP and our industrial base as well. In saying that, there is a huge energy among our businesses, our communities and our people. It seems to me that you always have to work harder from an economic

development perspective in these areas. You also have to take a wider view as well. There needs to be a much more tailored approach and greater effort. I would say that we need to look at more of a regional approach linked to that national approach. Scottish Enterprise do a good job nationally, but in terms of the regional approach I think that could be much more strengthened. This is what this (he held up a copy of the South of Scotland Rural Regional Economic Programme) is trying to get at. It has recognised that Scottish Enterprise do have that national approach and they need bigger projects to get the leverage in terms of adding value to the Scottish economy, but this tries to build up that critical mass for projects in the south of Scotland and also the themes that they need to have a look at. I would say that the approach that we need to work towards is trying to get a stronger regional dimension to Scottish Enterprise.

Q28 Mike Crockart: Can I come in briefly to take issue with that? The previous panel that we had talked specifically about Scottish Enterprise's involvement in these types of projects and made the point that these are different types of projects for Scottish Enterprise. They are not doing these sized things across the rest of Scotland and that causes problems because they do not have the relevant experience and they are not sufficiently interested in it because it is not big enough. Is that right?

Douglas Scott: I think that is what I mentioned in terms of the stronger regional approach. Scottish Enterprise is challenged in terms of dealing with areas like this because of their national approach. What we have to do as local authorities is try to work with them to develop a stronger approach in terms of talking about our economic base, inward investment opportunities, and also accessibility. So we have been trying to challenge Scottish Enterprise to look wider and this is really what this is about.

Ewan Green: I think there is, without a doubt, a gap and that gap is between the national agenda, the scale that Scottish Enterprise are seeking to achieve and invest in and the rural economy we have. Therefore, some of the opportunities around the south of Scotland and the Borderlands area are very significant projects. If you look at Stranraer waterfront in terms of regeneration and the impact that could have on the south-west of Scotland, for example, it needs significant public support, be that resources or people. The struggle that we have had in the past is trying to get that recognised within Scottish Enterprise because of the approach that is taken in terms of the values returned from investment, for example.

What I do think, though, is that attitude seems to be changing and there seems to be an understanding that rural economies perhaps require a more flexible approach. That is something that we have been stressing through the programme that Douglas talked about. It is about trying to demonstrate that there are opportunities and projects there that are of a value both nationally and locally that Government and Scottish Enterprise could be investing in. It will require more of a flexible approach, but that should not be a problem.

Q29 Chair: I wonder if I could follow up that point you made, Ewan, about the question of a gap between the high-level strategic objectives of Scottish Enterprise and the significant locally but smaller national ambitions of some projects. One of the things that we were interested in was the question of whether or not there was scope for further devolution. I am conscious that there have been some rather scathing views expressed about the merits of local authorities recently from representatives in this area. That is certainly not our general view.

Graeme was a former council leader. I used to be chair of education for the council in Strathclyde, so we are generally supportive of local authorities. I wonder whether or not it is your view that the further devolution of powers to local authorities might to some extent fill that gap so that if local authorities were given a greater degree of economic development responsibilities they might be able to pick these sorts of issues up if Scottish Enterprise were not tasked with doing so. We were thinking that things like, say, the devolution of the work programme, for example, might be something that would give the opportunity for the gap you identified to be filled. This is a particular area that we are interested in and if we cannot explore it properly today we would very much welcome maybe having further written evidence from you about this fairly quickly. We certainly want to get a report out before the election because the Committee will then change. We are interested in pursuing this whole aspect of further devolution of powers, what you can pick up and what you think you are wanting to do that you maybe do not have adequate powers for just now. Have local authorities a means of filling the gap?

Ewan Green: Yes, I think we can.

Chair: Fine, next?

Ewan Green: Although I think there are powers that we have at present that can do that. If you do not mind, I will not delve too deeply into the further devolved powers, but I think the issue here is that Scottish Enterprise has gone in a direction that is entirely correct in their remit. That is the focus at the higher level, if you want to call it that, in terms of the economic impact for Scotland. What there definitely has been, though, is authorities in the south of Scotland who have been left with some great challenges, some great opportunities, but not necessarily either the financial or human resource capacity to move these things forward. As the Scottish Enterprise agenda contracts into a more focused approach, authorities are left in a position where we are also contracting both in terms of people and resources but still left with the challenge.

Local authorities have power at the moment to deliver economic development. It is more about resource and facilitation. Certainly, we welcome the chance to come back with some written submissions in terms of further devolution, particularly around the DWP issue, which I feel is a significant issue for us in the rural area. More flexibility on that resource could be a significant opportunity.

Q30 Chair: Before I comment, can I clarify that? You are saying, I think, that this is not a powers issue as much as a resources issue. I think we are conscious from our own areas about the extent to which local authorities have borne most of the impact of cuts in Scotland and that, therefore, that has starved you of the ability to undertake projects that you would otherwise do. Would it be fair for us to go away from here saying that it is not predominantly an issue of powers, it is mainly an issue of resource?

Janice Rose: Can I say something on that? Interestingly, if there is not a future devolution on the Scottish side, I think that will hamper our Borderlands approach because on the England side they are certainly pushing for that. It is not necessarily direct from Government; it is from some of the government agencies. It is also land. It is some of the assets that they hold and how we could better use them locally. The four bodies that the north-east are lobbying Government to get more powers from—and I suspect if we did not get that in the Scottish side as well it would really hamper the Borderlands—are things

like the Highways Agency, Homes and Communities Agency, and I do not know if that exists on the Scottish side, Jobcentre Plus, and the Skills Funding Agency. It could be that if we do not mirror the devolution on both sides of the border that will really hamper us to work together again. I think that is something that we have to think about. In England, there is a big push for more devolution to local authorities and it is a combination of power, resource and assets that those bodies might hold that we think we could do more creatively. Around the Jobcentre Plus issue, it is more around local authorities are obviously interfacing with the same beneficiaries that are in the work programmes. Our approach would be that you could wrap around a lot of other things. Instead of people keep going through the system, you are taking people out of the system by doing that wraparound. If that is not mirrored on the Scottish side, I think that will make it even more challenging for the Borderlands to continue.

Jane Meek: Just to add to what Janice said, that is one of the reasons why we need to do this deal. That would be the ultimate objective in order to present a deal to Westminster and to the Scottish Parliament as to things that we need, the similarities across the border, in order for us to work effectively and make the most of the opportunities.

Douglas Scott: I think we need to focus on outcomes. At the end of the day, it could be that when we work through the things that have been devolved to Scotland, to make them work in terms of employment and so on, that would be where you look at more powers coming in. Certainly, at this stage, I think the resource issue is a major issue. It is interesting that South of Scotland has lobbied over the years to get a NUTS2 area for the south of Scotland because we feel that if we were able to achieve that, then maybe significant additional resources would be able to come with that.

In your report, you talk about a NUTS2 area for Borderlands. I think that is too complex. It would mean changing three NUTS1 areas. What we have to look at is whether a deal is possible, something like that. When you see what Glasgow City achieved through its deal, it would seem to me we need something similar, but there may have to be changes in terms of the requirements for that just to reflect the nature of where the economies are of the Borderlands area. There might be less possibilities in terms of increasing value added and that may have to be recognised in the deal.

The other thing I would like to say is that I think there need to be more tailored approaches in areas like the south of Scotland and, indeed, Borderlands to recognise the accessibility of the rural communities and the fact we are dealing with the micro/small business base. It is that sensitivity that needs to take place here.

I should say that there are opportunities through the Smith Commission proposals that are coming through, more opportunities maybe through lobbying Ofcom in terms of opportunities here, maybe more opportunities to look at European funding. It is early days here. We have to work through these changes to see what is possible in terms of devolution. In the Islands' situation, it is clearer because there are things like seabed licences and so on that you can see more clearly. At this stage, I think we are still working through what opportunities there might be.

Q31 Chair: The point that you made about Glasgow is a good one, but again that was a question of clear political leadership that moved that forward. We have another meeting in Galashiels in a fortnight. If you can come back to us with a sort of agenda, your shopping list,

as it were, we will look at that in time for that meeting. Then if we get any observations arising from that, we would bring them back to you. We want to draw up a final report pretty quickly after that. One of the issues for us, I have to say, about meeting officials is that you cannot necessarily speak on behalf of your authorities. You will have to go back and seek agreement or not. There has been a big doubt, quite frankly, about the extent to which there is political enthusiasm for these sorts of initiatives. This, to some extent, is your test, your starter for 10, to see whether or not there is political dynamism behind all of this.

The other issue is whether or not you have any views that we ought to take account of in terms of further devolution from local authorities on the role of local groups. We have heard in a number of locations from representatives of local groups that they are in favour of more power to local groups, which you would possibly expect. I wondered whether or not you saw that as being part of the solution, particularly for local economic development or social development. Again, in the Highlands and Islands you have seen there quite a number of locations where, say, community land buyouts have resulted in quite dynamic developments in the local community. The parallels are never exact, but I wondered whether or not you saw that as being potentially part of your armoury or range of opportunities.

Douglas Scott: There already are a range of community schemes at the moment that are doing very, very well. In the Borders, we are working with the Burnfoot Community Hub in Hawick, there is also the Arts Centre. There are also things like Abbotsford House in Melrose. There are a whole range of things that are coming from the community and also social enterprise as well. The issue is that there needs to be a lot more specialist and general support for these initiatives. That is what happens in the Highlands and Islands. That is not just an issue for our own areas but for all rural areas. We are all rural areas outside the Highlands and Islands. There is a need to think how the type of support that is available in the Highlands and Islands could be rolled out to the rest of Scotland because it is clear that, going into the future, the whole issue of community empowerment and Scottish community initiatives is really important, particularly from a rural point of view. There is clear evidence that there is a lot of added value coming from that in terms of events, new facilities, employment possibilities, and so on. You can see that with the use of renewable energy as well.

I would say again it is that issue of more support for what communities want to do and trying to enable communities to work. For communities to take on things, they need strong business plans. They need to be able to sustain these initiatives and that is what we have to try to support communities to do and facilitate them.

Chair: It is about capacity building, yes. Any additions to that? I think we have pretty well covered that. We have a number of other points, many of which have already been covered. We have enjoyed ourselves so much that time has gone on a bit, so we are going to have to rush to catch this train from Carlisle to London. It has been pointed out to me that if Carlisle airport had been developed we could have flown and left later, but we are where we are, which is Langholm. Does anybody else have any other questions that you want to raise in particular before we have to draw to a close?

Q32 Pamela Nash: Yes. We raised youth unemployment quite extensively in our last session, so I will not repeat it. One specific issue that came up for the Scottish areas is Skills Development Scotland's work. We noted in the evidence given to us that many of the

initiatives for training and employment for the unemployed have a minimum number of people that are required to participate in order for it to go ahead. I have certainly had issues even in my own area sometimes with that. Is that something that you are aware of and are the local authorities here doing anything to help?

Ewan Green: Yes, I think numbers of people has been an issue in the past where particularly colleges going through vocational training have to make things work and be viable. Therefore, it has been about what are the courses we can fill potentially against what are the courses we need for the future workforce. I think this is changing significantly. Talking about the Dumfries and Galloway approach, we have an employability partnership that has all the national agencies around the table, DWP, Skills Development Scotland, and we have the colleges there also. It is very much a joined-up approach now, which was not there four or five years ago, I would say. Through this working together, it is really starting to focus on what the needs of the employers are, what skills we need for the future, and how we jointly work together to do that. It is a good issue to raise. It is still early days, but I am very encouraged by the approach of Skills Development Scotland, certainly in Dumfries and Galloway, to adopt a more flexible delivery to meet our needs from a national perspective.

Jane Meek: Can I quickly add to that? I think there is an opportunity in terms of us working with Dumfries and Galloway because people who live here might find it is quicker for them to go to Carlisle College. That is a big issue in terms of funding, particularly if people live here, may wish to work in an industry in Carlisle and the course is being run in Carlisle. We have a big problem with the funding of that across the border, and that is something that I think we need to look at in terms of the Borderlands Initiative.

Q33 Chair: We saw that and we had written evidence from Sir Alan Beith about issues of health links across the border. There was somebody here earlier on today from Langholm who was complaining that normally she goes to the health service in Cumbria, but she has been redirected to Northumberland. We would have thought that you collectively—rather than you individually—should have sorted this out and that these sorts of things should have been arranged and so on. I think we will reflect on that in due course.

The final point I wanted to raise is in relation to NUTS, the changing of the boundaries to give you critical mass, and I think I understand your point, Douglas, about the NUTS1 boundaries and so on. Is that likely to meet resistance from other people who might have to be expanded into, as it were, to give you the numbers or do you think that that will be generally agreed by those with whom you are contiguous?

Douglas Scott: We are hoping that the approach we have taken will be in the interests of Scotland as a whole. At the end of the day, our GDP levels are quite low, in other areas they are quite high, so this should be a win/win for Scotland. There is no doubt about it, anything we put forward we will have to work with our colleagues in the Scottish Government statistical unit, same with the UK statistical unit, and then the case will have to be made to Eurostat if we get that far. There is a way to go here. We are putting thoughts together at the moment and we hope that we can move forward with them. We are hopeful that it will be a win/win for Scotland. There obviously will be obstacles through the statistical side, but we will have to work through that. If we do that properly, then we are hopeful that we can certainly make a strong case.

Chair: We are just getting to the end. As I said earlier on, are there any answers you had prepared to questions that we have not asked you, any points that you feel that we have not covered that should be drawn to our attention? If you cannot think of anything just now, you can always write to us subsequently in time for our next meeting, but I wondered whether or not there was anything you were bursting to tell us just now. No? Everybody happy? Good, you were not quick enough there. Thank you very much for coming along. As I am sure you appreciate, we are here to help you, so we look forward to receiving stuff from you in time for the 9th.