

INFRASTRUCTURE

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PURPOSE OF PAPER

- 1 This paper examines the infrastructure issues that currently exist within the South of Scotland and highlights the ambitions of the region in terms of future infrastructure provision in support of economic growth.
- 2 The paper invites the Convention of the South of Scotland to discuss how we collectively:
 - ensure that our infrastructure meets the needs of our strategic ambitions for the future; and
 - maximise our opportunities and address any challenges or barriers, to unlock the full potential that the region offers.

CONTEXT

- 3 The South of Scotland is ambitious. We are working hard to further the economic and social development of the South of Scotland as well as improving its amenity and environment. Our indicative Regional Spatial Strategy (iRSS), the coming Regional Economic Strategy (RES) and our commitment to the Borderlands Inclusive Growth Deal are strong evidence of our intent to work collaboratively to develop our ambitions for the South of Scotland.
- 4 Good infrastructure is critical to bringing these ambitions to bear and there are particular infrastructure needs in the South of Scotland that need to be addressed to enable our wider aspirations for a more dynamic and successful economy in the south. Our iRSS identifies the strategic development priorities we wish to see taken forward in the South of Scotland. It sets out a series of strategic aims which are inter-related and specific projects contribute to different outcomes. **Annex A** is a diagram of the draft spatial strategy showing strategic development projects in the South of Scotland which may help to set the spatial context and explain the diverse geography and issues covered in this paper.
- 5 We welcome the Scottish Government's draft Infrastructure Investment Plan for 2021-22 to 2025-26, particularly its outcomes-focussed approach and the principle of the investment hierarchy. The proposed National Planning Framework 4 sets out the need for an infrastructure-first approach to future development and also highlights the opportunities for improved digital connectivity and remote working to reduce travel and support lower carbon rural living. Our experience with our iRSS can feed back to help inform the development of the NPF4. We also welcome the Climate Change Plan Update published in December and we will align our work with the delivery of the policies and actions in the plan.

- 6 This paper is organised around the five strategic themes as set out in the iRSS for the South of Scotland: Economy, Place, People, Climate Change, and Connectivity. However, it is important to note that these themes should not be considered in isolation. Each element is important, but is linked and interdependent with others. Indeed, innovative ideas and solutions can emerge in the connections and crossovers between the different issues.

ECONOMY

- 7 The economy of the South of Scotland is different from that of much of Scotland – for example our working age population is declining and our population centres are dispersed with small towns and settlements across the region. The infrastructure needs of the region are different as we have no main centre, cover a large geographic area, with good connectivity to other parts of Scotland but challenging internal physical infrastructure. Limited public transport results in higher car ownership and our housing stock is ageing and needs investment to address net carbon ambitions. We have a greater percentage of small and micro-businesses and about a quarter of our workforce is self-employed. This creates a different demand for infrastructure, including the business infrastructure required in terms of business property, sites and land.
- 8 Some parts of the region are more attractive to investors than others, resulting in uneven regional economic development. We have seen a market failure through a lack of private sector investment in our infrastructure. Part of our ambition for the region is to try and attract larger employers offering a more diverse range of employment opportunities for younger people across the region, thereby helping to retain and grow the workforce in the south. To this end, we are making a significant commitment to developing the RES. We are confident that with the right focus and investment, we can build a resilient and successful economy, responding to the opportunities we have.
- 9 Investment in infrastructure will be a vital part of helping our economy recover from the impact of Covid-19. Resources – both financial and skills – are finite and we need to ensure that we are making best use of both. Too many initiatives can be as damaging as too few and there would be value in looking at how we support people to do what they need in each community to take advantage of what the digital economy will bring, reflecting their own needs and where they are in terms of their own digital knowledge and advancement.
- 10 Looking to the future, responding to different working patterns including home working, opens up opportunities for the South of Scotland and we want to ensure that our infrastructure enables that and the benefits it can bring.

PLACE

- 11 Place is arguably the essential context in which all the other themes operate. It can be a practical means of integrating and coordinating various policies and actions in a way which is meaningful to people in their lives. The Place Principle

encourages a more collaborative approach by all the relevant partners in a community to help improve the lives of people and support inclusive economic growth which in turn creates more successful places.

- 12 Place is a signifier of what makes the South of Scotland different. It has a high quality natural and historic environment which is recognised in the number and range of designations across the South of Scotland. Our communities are proud and vibrant and a key feature in the setting up of South of Scotland Enterprise is the involvement of communities which are vital in delivering the Place Principle. We recognise the natural, built and cultural heritage of the area as key determinants of its potential and also the means by which we might develop a distinct competitive advantage.
- 13 Town centres are changing, an effect that has been accelerated by Covid 19. We look forward to the refreshed Town Centre Action Plans which will help us develop our vision for the future of those towns, making the most of existing assets and supporting local economic activity. Place can be a mechanism for change. Using place-based approaches can dovetail the connectivity, climate change, economy, and people themes in a relatable and manageable way - one that looks at the impact on peoples' lives in the round in the places they live and work. The work through the place theme of Borderlands is a well-developed example of this.
- 14 A place-making approach and understanding the impact on place are important. For example, recognising that an investment to create a smaller number of jobs can represent a higher impact/value in a rural area because of the scarcity of alternatives. Taking a place-based approach involves first identifying what needs to be done in a place and only then, prioritising resources and actions in the context of wider strategies and themes. This is fundamental for decision making at a local level – particularly given the nature of the settlements across the South of a Scotland.

PEOPLE

- 15 The South of Scotland has an ageing population, particularly in the 75+ age group, with increasing numbers living on their own with long-term health conditions, including dementia. There is a need to provide our communities with a greater range of opportunities to maintain and improve their general health and well-being.
- 16 There remain high levels of outward migration amongst young people within the region, with our young people leaving and not seeing opportunities to return. There is a need to look at how to ensure young people can access the opportunities within the region and to attract others here, as well as to attract people of working age to the South of Scotland. Our work on creating a just transition to net zero and green growth may provide dividends in this respect. Adequate housing provision including significant levels of affordable housing associated with energy efficient buildings will help to provide opportunities to

attract larger employers to the area. This is key to the future of the area and its economic prospects.

- 17 It is important that we support communities in the South of Scotland build their capacity and encourage communities to work towards a common goal and support initiatives such as asset transfers and community purchase opportunities that could make a significant difference to a local area. Links between education facilities and employers is key to developing opportunities for younger people, utilising a hub and spoke model. A key consideration is how to support local services and also how to empower local community action. Empowering local communities to deliver meaningful projects is a key element of the Place Principle set out above and could help provide opportunities for new employment growth in the South of Scotland that will help to attract and retain people in equal measure.
- 18 A bespoke approach is needed to allow alternative approaches to be taken – for example a local community working with a trust to provide a community-based solution to energy generation, such as the study into a hydro power scheme at Creetown.

CLIMATE CHANGE

- 19 The Scottish Government has set a target of net zero emissions by 2045. Dumfries and Galloway Council (DGC), Scottish Borders Council (SBC), South of Scotland Enterprise (SOSE) as well as the Borderlands Inclusive Growth Deal have also strong climate change and environmental related ambitions. We welcome the Climate Change Plan Update published in December. Both DGC and SBC have made Climate Emergency Declarations and we are committed to a green recovery in the South of Scotland, one that is just, and that delivers a thriving, sustainable economy that works for everybody. We support the work of the Just Transition Commission in its advice for a green recovery and note our enthusiasm to be involved in potential pilot projects in this area. We are pursuing a just transition to net zero emissions. That means creating green jobs, developing sustainable skills and nurturing wellbeing. Our work in the South of Scotland will help the Scottish Government achieve the actions set out in the Climate Change Plan update and help meet the emissions reductions targets out to 2032.
- 20 The South of Scotland is a significant generator of renewable energy. Increased renewable energy generation, storage and transmission would benefit the region and Scotland and could be a significant catalyst for wider investment and supply chain growth. Working in collaboration with energy providers and the private sector, cheaper electricity for communities could help reduce fuel poverty and provide the region with a competitive edge in growing and attracting industries.
- 21 We welcome the Scottish Government's Infrastructure Investment Plan (IIP) and the framework for decision making. We support the principle of the "investment hierarchy" for infrastructure, which prioritises a greater focus on enhancing and maintaining our existing assets over new build. However, it will be important to avoid any unintended consequences and inadvertently disadvantage rural areas

where there may be no existing infrastructure and where new build might be the only solution. The cost to build in rural areas may also be greater and not directly comparable with urban areas. It is therefore important to recognise that different tactics may be needed in different places to achieve the same overarching strategic goals.

- 22 We support the long-term vision set out in the IIP that “our infrastructure supports Scotland’s resilience and enables inclusive, net zero and sustainable growth”. This supports an outcomes-focussed approach to investment. In the South of Scotland, we are particularly keen to develop and deliver alternative technologies such as electric vehicle (EV) networks and hydrogen technology, particularly where these can create jobs for local communities.
- 23 Decisions also need to recognise the need for network approaches across rural Scotland e.g. such as the approach taken in projects in the Borderlands Inclusive Growth Deal or in transport hubs solutions where the infrastructure is spread across the region. Large infrastructure investments at single sites aren’t always appropriate and rural areas can need a programme of smaller investments over a period of time – as we see in the Borderlands Business Infrastructure programme and the Borderlands Place programme. Development Plans can help to ensure the right infrastructure and services are in place at the right time to serve the needs of communities.
- 24 The South of Scotland has extensive agriculture, forestry and peatlands contributing to the biodiversity of the region and carbon capture. The interrelationship between climate change, biodiversity, land use and natural capital needs to be recognised. We are looking at ways of ensuring that we unlock the opportunities of natural capital e.g. in the joint bid by DGC/SBC for a South of Scotland Regional Land Use Partnership pilot programme, in sectoral opportunities such as renewable energy, making best use of our significant forestry resources, our food and drink sector and our land and marine assets, including place-based opportunities such as the UNESCO designated Galloway and South Ayrshire Biosphere.
- 25 There is a need to ensure that decisions are taken with an eye to the future to unlock opportunities, for example, ensuring we have the grid infrastructure to enable the decarbonisation of heat and transport. The refurbishment of the existing electricity distribution system in the South of Scotland is needed to accommodate much of the increased demand from heat and EV vehicles. A key issue is whether the grid network in the south is able to cope with the predicted additional demand and there is a need to develop smart grid management. Any refurbishment work carried out would need to be sympathetic to the high-quality natural landscape.
- 26 A more strategic approach to renewing parts of the network will lead to better consumer choice, increased jobs opportunity and support the transition to net zero in rural areas. There is an opportunity to look at the approach to avoid creating potential barriers to the network needed to boost and grow the rural economy.

CONNECTIVITY

- 27 Improved digital connectivity and mobile phone coverage for all is vital to the development of sustainable inclusive economic growth in the South of Scotland. Indeed, Covid-19 has shown the importance of good digital connectivity to continuing economic activity, particularly in relation to home-working, customer reach, and provision of services.
- 28 It is clear, however, that the overall picture in terms of superfast broadband delivery and mobile phone coverage in the South of Scotland can be confusing at times and there is still some work to be done to make it clearer what is being delivered by which programme of work. There are a number of different players in this field, including the UK and Scottish Governments along with complementary pieces of work such as the programme identified through the Borderlands Inclusive Growth Deal. The Borderlands Digital Infrastructure Programme (BDIP) is a transformational digital infrastructure project to deliver future proofed connectivity improvements that will enhance rural productivity and achieve inclusive growth. Its ultimate ambition is to ensure all properties in the area have access to full fibre connectivity, complemented with 4G and 5G mobile connectivity.
- 29 We welcome the Scottish Government investment (“Reaching 100%” – the R100 Programme) that will bring superfast broadband to all but an estimated 200 properties in the South of Scotland and we recognise this substantial investment in our digital connectivity infrastructure. Through R100 there is now an online checker at individual premises level and are developing, for example, a local authority portal where the data can be viewed from different geographies. We are keen to work collaboratively to make the overall picture as clear as it can be and to future-proof the South of Scotland through ultrafast broadband connections. To this end, we welcome the fact that all of the R100 contract build in the “South lot” area will be full fibre, capable of delivering download speeds of up to 1 Gigabit per second.
- 30 There is a need to look beyond the physical infrastructure to ensure that people, communities and businesses have the skills and ability to make better use of the improved digital connectivity. We need to see digital skills as important as reading, writing and maths. In addition, we need to consider poverty as a driver of digital inequality and ensure people can access affordable and resilient connections.
- 31 Notwithstanding the positive contribution being made by the Scottish Government’s 4G Mobile Infill Programme, the lack of 4G Mobile phone connectivity remains a significant issue with communities particularly in remoter areas unable to receive an adequate level of coverage. The provision of 4G is a critical requirement for the rolling out of 5G across the South of Scotland. Similar to the issue of superfast broadband availability, measures are required to provide 4G complete coverage across the South of Scotland and develop a 5G mobile programme are required.

- 32 One of the key barriers to sustainable inclusive economic growth in the South of Scotland is the lack of good transport infrastructure and the decline in the provision of public transport that fits in with people's needs, leading to high levels of dependency on private cars. Low population density makes it difficult to switch to other modes of transport. The consequent lack of transport options in the South of Scotland, with poor roads and rail infrastructure, is a frustration for the majority.
- 33 Stakeholders have told us that the need for an "improved and integrated transport system" remains key. The lack of good east to west links and a declining public transport service are seen to be detrimental to the successful development of the area, particularly in relation to inward investment opportunities and making work accessible to the workforce, especially to younger people who need the opportunity to get to work on public transport rather than by private car. In addition, there are both challenges and opportunities for the development of ports infrastructure in the west of the region, particularly in connection with additional border checks between Scotland and Northern Ireland and the potential opportunities associated with possible Freeports. Increased traffic through Cairnryan would increase the case for improving strategic transport connectivity, as set out in the draft NPF4 position statement.
- 34 Once you travel away from the key travel corridors which are primarily north to south in orientation the network disintegrates and workers find it increasingly difficult to travel to work and businesses find it difficult to recruit and retain their workforce because of commuting difficulties. It is widely recognised that transport connectivity impacts on the ability of citizens to sustain learning, training and work. For instance, those involved in supporting employability, skills training and education continually have to provide short term interventions to overcome the transport barriers to access support and opportunities.
- 35 Scottish Borders Council is leading on Workforce Mobility Project within Edinburgh and South East Scotland City Region Deal that is tackling challenges around transport, beyond the perceived barrier of just cost, by seeking to address public transport complexity, improve network penetration in rural areas, and provide more relevant operational models and better partnership working. It is intended that many of the outputs of this project can be applied across Scotland including the South of Scotland.
- 36 The strategy and policy landscape is changing to positively promote and stimulate the delivery of inclusive economic growth, equality, just transition and net-zero that will deliver opportunities to reduce the workforce mobility barriers. However, the scale and complexity of the mobility barriers, the partners' involved and regional/national changes required to make a sustainable difference, means there are no quick solutions. Going forward there may be a need to: assess the status of public transport as a statutory service; provide new models for delivering rural public transport that re-invest profits into non-profitable routes; consider the extent of the rural subsidisation acknowledging the current Scottish Government proposals for free under 19 bus travel; and develop a national single point of

travel information and payment to overcome a basic barrier to make public transport as easy as possible to use.

37 The Scottish Government has published a National Transport Strategy (NTS) which sets out the vision for transport within Scotland over the next 20 years. Key elements include climate change, equalities and the promotion of health and wellbeing. Aligned with this work, the Strategic Transport Project Review (STPR) will outline and promote potential projects that will help deliver this vision over the next 20 years. These may include provision of electric charging infrastructure and the development of active travel proposals throughout the South of Scotland, noting the key policy approaches in the Active Travel Framework which is aimed at improving the uptake of walking and cycling for travel. It is acknowledged that transport has a key role to play in the delivery of the targets outlined in the Climate Change Bill and in the promotion of an inclusive society and a low carbon economy.

38 “Mobility as a Service” (MAAS) is the integration of various forms of transport services into a single mobility service accessible on demand. To meet a customer’s needs, a MAAS operator facilitates a diverse menu of transport options, whether it be public transport, car or bike-sharing, taxi or car club or a combination thereof. This could be a project that could offer people in the South of Scotland a choice of travel options using new technology and innovative solutions and is supported by Scottish Government and Scottish Enterprise. There could be real benefits for rural areas from this area of work. However, to fully implement this type of proposal requires the necessary digital infrastructure that provides a reliable service provision.

ACTION

39 Members are asked to:

- Note that we are pursuing a stronger, more resilient and more vibrant regional economy in the South of Scotland;
- Note that our approach ties in with that set out in the NPF4, the Infrastructure Investment Plan and the Programme for Government;
- Note that our decisions on infrastructure need to take account of the range of factors that impact on economic well-being and inclusive growth, that we seek bold and innovative approaches, with investment focused on the needs of place and that address inequality and narrow the skills gap;
- Consider the following points for discussion:
 - **How can national policies and future Programmes for Government be aligned to support rural development and to acknowledge the particular circumstances of the rural economy?**

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(Paper 5)

- **How do we future proof the electricity distribution system in the South of Scotland to accommodate the increasing demand from heat and EV vehicles and develop smart grid management?**
- **How can we best take forward an integrated transport strategy for the South of Scotland with particular emphasis on east-west connections?**

Draft spatial strategy diagram showing Strategic Development Projects in the South of Scotland

