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12 December 2018

Dear Convener,

I am writing to you to follow up the committee evidence session on the South of Scotland Enterprise Bill on 28 November. During this session, we agreed to write to the Committee providing further detail on two points:

- Definition of the southern Scotland NUTS 2 area;
- Examples of activities the Agency might undertake to help communities acquire assets, if the body did not have compulsory purchase powers.

#### South of Scotland NUTS2 area

The Committee asked about how the legislation defined the South of Scotland. We explained that the consensus for the agency to cover the two local authorities of Scottish Borders Council and Dumfries and Galloway Council had emerged as part of the work taken forward in the Enterprise and Skills Review. We had looked at other potential ways of defining the South of Scotland, including the Southern Scotland NUTS 2 area.

The Nomenclature of Units for Territorial Statistics (NUTS) is a set of geographical boundaries established and administered by the European Union (EU). The main purpose of NUTS areas is the reporting of regional economic statistics to Eurostat, the EU's statistical agency. The NUTS geography is based on a hierarchy of levels, with NUTS1 as the highest level (Scotland is a NUTS1 region) and NUTS2 areas being broad spatial areas within that.

The South of Scotland NUTS2 region came into effect in 2018. It comprises the local authority areas of Dumfries and Galloway, the Scottish Borders, South Lanarkshire, East Ayrshire, South Ayrshire and part of North Ayrshire, excluding Arran and Cumbrae.

The South of Scotland NUTS2 region was considered as a potential operating area for the new South of Scotland Enterprise body (SOSE). The operating area proposed in the legislation, comprising the two local authority areas of Dumfries and Galloway and the Scottish Borders, was the option preferred by stakeholders. In addition to reflecting shared socio-economic challenges, this boundary would build on existing geographic boundaries and relationships, in an area that has a history of collaboration including through the South of

Scotland Alliance. It would also ensure clarity for business and communities wanting to use the services of the new agency.

### Communities acquiring assets

The Committee also asked about how SOSE could assist communities to acquire assets if SOSE did not have compulsory purchase powers.

We expect SOSE to take a positive and practical role in working with communities. With a clear focus on place, SOSE will be able to grow and strengthen resilient communities, helping them to identify and meet their needs. This would include SOSE working with existing legislation designed to encourage and support the ownership and control of assets by communities, including community right to buy and community asset transfer powers outlined in the Community Empowerment Act (Scotland) 2015.

The power to compulsorily purchase is not considered necessary for SOSE as the intention is that this body will work instead in a collaborative way with property owners and communities. SOSE will have its own ability to purchase (and sell) assets, and will be working with others who have separate statutory powers to purchase assets. This will include the local authorities in the area who have compulsory purchase powers under section 189 of the Town and Country Planning (Scotland) Act 1997. SOSE could therefore work with communities (who may be able to exercise the community right to buy or make requests to public bodies under asset transfer legislation) and local authorities (who have compulsory purchase powers) to acquire land.

Given the nature of compulsory purchase, it would be seen as a last resort by any body with such powers. There may be ECHR consequences of attempting to exercise compulsory purchase powers because of owners' rights under Article 1 of Protocol 1 to the Convention. While both Scottish Enterprise and Highlands and Islands Enterprise have compulsory purchase powers, neither body has to our knowledge ever needed to use these powers.

Regarding the specific steps SOSE could take to work with communities, we would expect it to assist communities in building community capacity and managing assets as well as assisting communities to acquire those assets. Such activities could include:

- start-up grants to assist at the outset of a new project;
- access to professional advice and financial support towards project planning costs;
- short-term revenue funding to support intensive project planning stages;
- discretionary capital assistance towards asset purchase investment - readiness advice and sign-posting to investors;
- support with governance and developing organisational structures;
- assistance with attending learning events or conferences;
- assistance to go on a study or exchange visit;
- assistance in run their own training seminars; and
- enabling communities to network with other communities, to learn and share.

I hope this is helpful to the Committee.

Yours sincerely,

Karen Jackson