Edinburgh and South East Scotland City Region Deal Elected Member Oversight Committee

10.00 am Friday, 19th February 2021

Regional Growth Framework - Update

Item number 3.1

Executive Summary

This paper provides an update on the development of the Edinburgh and South East Scotland Regional Growth Framework, and progress since the previous meeting of the Elected Member Oversight Committee on 19 February 2021 and workshop session on 19 March 2021.

Paul Lawrence

Executive Director of Place, The City of Edinburgh Council and Senior Responsible Officer for the Regional Growth Framework

E-mail: Paul Lawrence @edinburgh.gov.uk | Tel: 0131 529 7325

Report

Regional Growth Framework - Update

1. Recommendations

1.1 Members of the Oversight Committee are invited to note progress to date and proposed next steps.

2. Background

2.1 The Regional Growth Framework is a document that articulates the long-term aspirational goals for Edinburgh and South East Scotland and guides the future direction of economic and wider policy across stakeholders. It seeks to set an ambitious 20-year vision for the region, up until 2040.

2.2 Non-statutory in nature, it is a public statement of aligned vison, ambition and priorities for South East Scotland, seeking to influence and be influenced by plans and strategies developed at national, regional and local levels.

3. Main report

3.1 Appendix 1 sets out an updated draft of the Regional Growth Framework Consultation document. This incorporates input from the workshop with Oversight Committee Members on 19 March 2021.

3.2 There are a number of remaining questions about the final presentation of the consultation paper, on which views of the Oversight Committee are particularly sought:

- Does the vision, and in particular the references to “growth”, adequately and fully reflect our shared aspirations for the region? Is the proposed Vision realistic and ambitious enough?
- The themes of Flourishing, Adaptable and Smart have been used to frame thinking as the regional approach was developed. Do these themes continue to provide a useful framework or should these now be taken out of the document? What, if anything, should replace these?

- Are there any important aspects of the region's economic profile that are not sufficiently captured?
- Are there any important aspects of the region's future challenges and opportunities that are not sufficiently reflected?
- Do the future scenarios outlined in the document provide a useful basis to plan for the future? Are there any key risks or opportunities that aren't reflected?
- What are your views on the regional pipeline opportunities outlined?"

3.3 A final draft of the Regional Growth Framework Consultation document will be provided at the Oversight Committee workshop session on 21 May 2021, before being presented to the Edinburgh and South East Scotland City Region Joint Committee on 4 June 2021.

3.4 Following consideration of consultation responses, the final Regional Growth Framework will require approval by the Edinburgh and South East Scotland City Region Joint Committee and the constituent councils.

4. Financial impact

4.1 No financial impact at this stage.

5. Alignment with Sustainable, Inclusive Growth Ambitions

5.1 The proposed Framework will be closely aligned to the existing sustainable, inclusive growth ambitions of all City Deal partners.

6. Background reading/external references

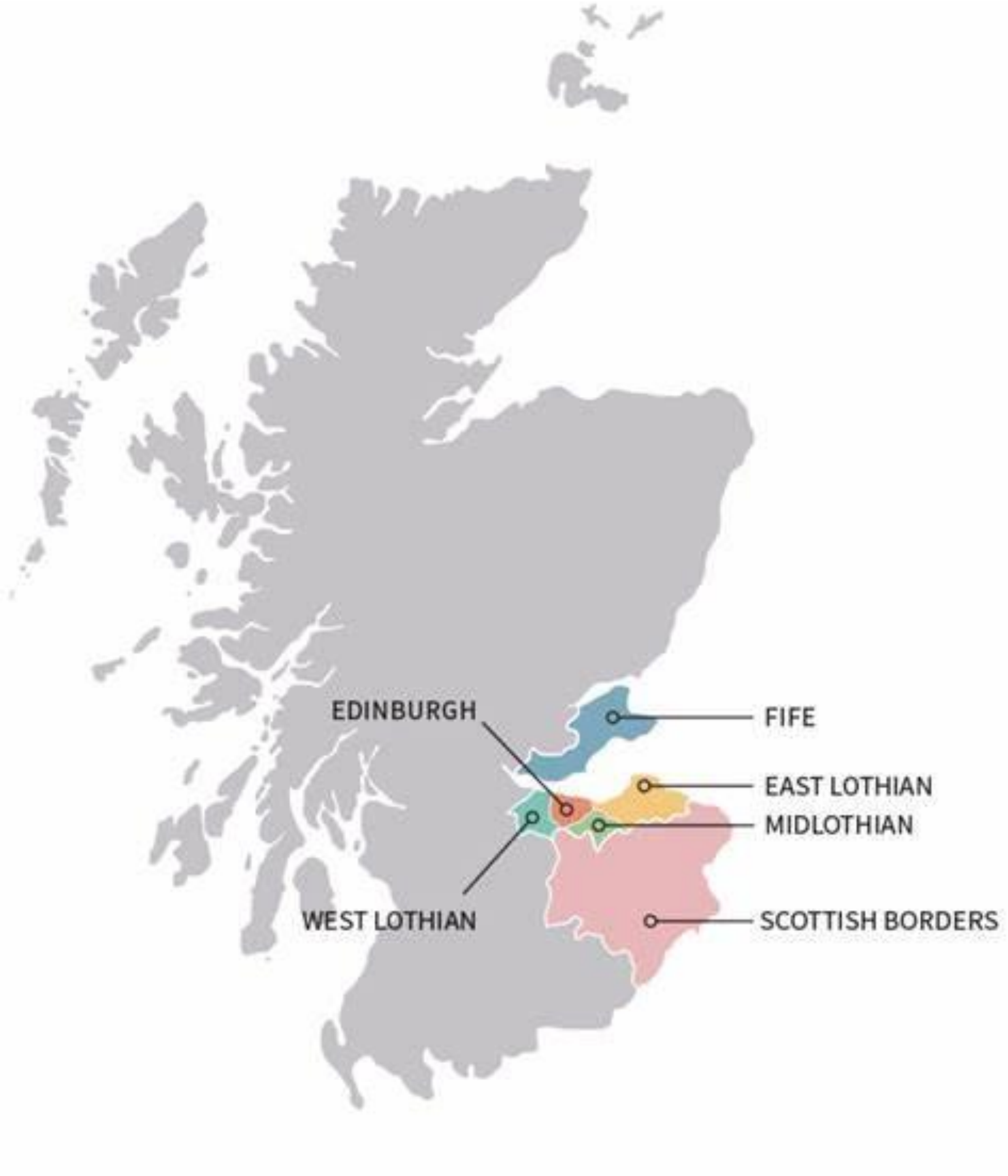
6.1 None

7. Appendices

7.1 Regional Growth Framework Consultation Paper – draft (work in progress)

Edinburgh and South East Scotland

Regional Growth Framework (2021 – 2040)



Consultation Draft – June 2021

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EXECUTIVE SUMMARY

To be added

FOREWORD - REGIONAL GROWTH FRAMEWORK

This consultation draft Regional Growth Framework has been published to seek views on shaping our future regional economy. This early draft has been published to stimulate debate and invite comments from you, to help to shape a finalised Regional Growth Framework.

The Framework is intended to be a document that articulates the long-term aspirational goals for Edinburgh and South East Scotland to **guide the future direction** of regional economic and wider policy across stakeholders. It seeks to set an ambitious **20-year vision** for the regional economy, up to 2040.

Building on the successful regional partnership that is delivering the £1.3bn Edinburgh and South East Scotland City Deal, the Framework aims to set out a broader, ambitious joint approach to regional collaboration. It seeks to identify how regional partners can build on the City Region Deal to further improve the way the regional economy functions, particularly in a post COVID-19 environment. It has been developed with input from public, private and third sector organisations. It aims to address the region's challenges and opportunities to make Edinburgh and South East Scotland a better place to live, work, study, visit and invest for current and future generations.

The Framework will be non-statutory, but it will be a **public statement of the Regional Partners' aligned vison, ambition and priorities** for Edinburgh and South East Scotland. The Regional Partners will use the Framework to shape their own and other national, regional and local plans and strategies.

Recognising the significant changes that the region and Scotland as a whole face in the next few years, and the degree of uncertainty around how, when, where, what and who these changes will impact, the Framework will be flexible and adaptable. As such, it will be subject to regular review and update over its lifetime, and parts of it will also be kept 'live' to take account of and to allow responses to very rapid change.

We want to hear from you on this Draft Version Regional Growth Framework

This document is a consultative draft of the Regional Growth Framework. It outlines our collective early thoughts on the challenges and opportunities facing Edinburgh and South East Scotland in the years ahead and makes suggestions on the most appropriate focus of effort to maximise our impact and benefits for those who live and work in this region.

This consultation document sets out a series of consultation questions seeking views and expertise from anyone with an interest in the region's future. Your responses will be used to assist the Regional Partners to shape a final version of the Framework, with the intention of having this in place later in 2021.

The questions are set out in boxes like this. You do not have to respond to all the questions. If you have any other inputs or ideas that are not covered by the questions, this is welcome and can be included in the response to the final question.

1. WHY ARE WE WORKING TOGETHER?

The Edinburgh and South East Scotland region, like other regions across Scotland, is facing a period of unprecedented challenge and opportunity.

We have a shared duty to address the interrelated challenges of climate change, sustainability, biodiversity loss, inequalities, health and well-being, and the need to create new jobs and businesses while enabling a just transition to a net zero carbon economy.

This region was at the heart of enlightenment and agricultural improvement. We must be that confident to lead and initiate change again. Now, more than ever, we need to work together to address our challenges and opportunities in a more integrated, sustainable and equitable way.

To face our current challenges, we need to rebuild our economy so that it works better for people, places and the planet. We need to do this against the backdrop of the UK's exit from the European Union (EU), and the global COVID-19 pandemic. We need to collaborate to enable a net carbon zero recovery and to address our shared and interrelated challenges. Business as usual is not an option, as the cost of inaction will be too great. We need to think globally, act locally, and meet our needs in a way that allows future generations to meet theirs.

Across all of Scotland and beyond, strategic collaborations are delivering additional benefits for their areas. In Edinburgh and South East Scotland, we are already work in a co-ordinated way and are now seeing clear benefits of our joint working through City Region Deal. To secure the best possible future for the region the public, private, voluntary and education sectors now see an opportunity to work more effectively to deliver more collective impact.

Our next step, through the development of this Regional Growth Framework, is to agree common goals and to work together to achieve them. This will allow us to develop a shared understanding of how the region can make a more significant contribution to the Scottish and UK economy, and highlight the important role each sector and organisation can play individually and cumulatively in realising the region's potential.

To achieve this the Regional Growth Framework will be used as a basis to guide and integrate public, private and third sector decisions, actions, collaborations, strategies, policies and investments across areas such as **sustainability, climate change, transport, planning, housing, infrastructure, services, equalities, well-being, economic development, procurement and delivery.**

2. HOW DID WE GET HERE?

Our Region before the UK Exit from EU and Covid-19

National economic growth, particularly in our region, tasked successive regional strategies to accommodate more development, population, households and demographic change. The pace and scale of this change, and our environmental and infrastructure opportunities and constraints, meant economic development had to be distributed across the whole region to meet overall growth requirements while aiming to share benefits.

Despite these plans, the delivery of growth and benefits has not been evenly spread. Some parts of the region, especially the regional core, have seen negative impacts of growth like overheating housing markets. Other parts struggle with stubborn pockets of economic under-performance, inequalities and deprivation.

Areas of deprivation often exist where industry has declined and has not been replaced, or where comprehensive development programmes of the past did not deliver mixed, sustainable communities. This is also reflected in the strength of town centres across the region, with some more than others impacted by changing retail patterns, behaviours and trends, and out of centre retail locations, further compounding inequalities.

The regional office core expanded at locations in and on the western edge of the city, given the shortage of supply in the city centre. The region's outstanding higher education institutions are located in key strategic locations across the region, and its further education institutions serve their local communities. The 2016 BEIS-funded Science and Innovation Audit[1] highlighted the regional opportunity around data science and innovation. This was the foundation for the development of the Data-Driven Innovation (DDI) Programme, which set the differentiating vision for Edinburgh and South East Scotland as the **Data Capital of Europe**.

The Universities of Edinburgh and Herriot Watt in particular extended to locations on the southern and eastern edges of the regional core to create innovation clusters, enabling wider collaborations with the public and private sector to improve public and commercial service delivery. This supported growth of key data-driven innovation sectors, including public services, finance and fintech, insurance, artificial intelligence and robotics, and bio and life science, and agricultural innovation.

There has been notable success in growing other key economic sectors such as services and freight and logistics, particularly beyond the regional core. Generally, though, the pattern has been decline in traditional industries and reuse of former industrial sites for housing. Across the region many industrial premises are ageing and require adaptation or replacement to meet current and future needs.

Agriculture, horticulture, fishing, forestry and food and drink remain important regionally, with strong international reputations. Our tourism offer is genuinely world class but most activity is focused on Edinburgh city centre. This puts strain on assets and overlooks the wider regional tourism offer and potential for linking our cultural, natural heritage and leisure tourism assets and workforce in a more compelling and integrated way.

House prices, particularly in the regional core, are unaffordable to many. A number of key settlements across the region expanded significantly in response to housing need and mobile demand, but jobs did not follow. Employment density therefore remains low outside the regional core. Housing demand, and prices, are high across the whole region, and there is a need to significantly increase the supply of affordable homes with a wider range of house types, sizes and tenures including mid-market rent and specialist housing. Too often though, new home building has not led to the sustainable communities which should have been delivered.

Housing-led regeneration has been successful where aligned with wider interventions, programmes and investments, including job creation, skills development and training, but less so where such approaches were not followed. Access to land and funding for affordable housing delivery is and will be a significant factor in influencing where people can live, and if and how they can access opportunities and amenities in future.

[1] See Audit points to city and region's digital potential | The University of Edinburgh

Whilst the growth of the region has brought much success, in-commuting and greenhouse gas emissions have increased. There is more pressure on infrastructure and services. Inequalities remain, and in some places are widening. Well-being, accessibility, connectivity and productivity could be improved. The extent to which we can adapt and be more resilient and successful in future will depend on how well we transition. The main lesson from our past is that we need to work more collaboratively and effectively to deliver intended outcomes.

Question 1: How did we get here?

Are there any aspects of the development of the Region's economy prior to UK exit from EU and Covid-19 that are important to capture that aren't outlined here?

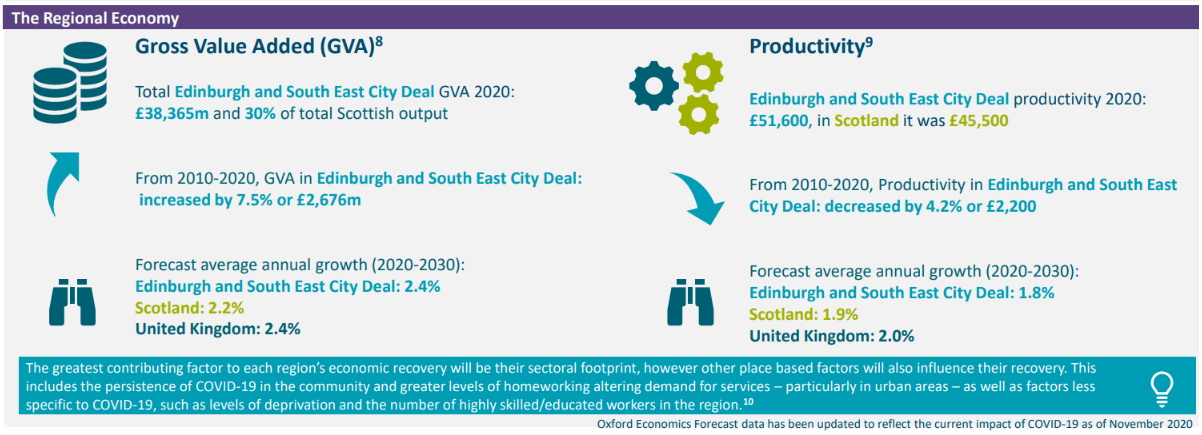
Similarly, do you think there are opportunities from the Region's economy prior to UK exit from EU and Covid-19 that could help support recovery? If so, what areas / sectors are these?

3. WHERE ARE WE NOW?

OUR CURRENT REGIONAL ECONOMIC PROFILE

The following section summarises some the region's key economic and demographic trends as well as infrastructure assets and sectoral strengths. This information is drawn from the technical annex and from other relevant contextual documents, including the City Regional Deal document.

Figure 1 – Economic Overview



Prior to the COVID-19 pandemic, the Edinburgh and SE Scotland economy was performing strongly, with a level of growth that exceeded the Scotland average. Overall, the region was contributing approximately £36 billion per year to the Scottish and UK economies through its diverse economy.

The distinctiveness of Edinburgh and South East Scotland's culture, history and tourism offer continued to draw visitors from across the world. In 2020, the total GVA for the region was £38,365 million, accounting for 30% of the Scottish total GVA output. This is an increase of 7.5%, or £2,676 million, from 2010.

A key factor contributing to the region's economic output is the strength of its key sectors. Across the City Region, GVA in 2020 was primarily driven by the following key sectors: Finance and Business Services; Health and Social Care; Engineering; and Digital. Each of these top performing sectors have continued to operate throughout the COVID-19 pandemic, with heightened demand and increased opportunities emerging in Health and Social Care and Digital Technologies.

Despite sectoral strengths, sectors such as manufacturing, hospitality & tourism and creative industries have been negatively impacted by COVID-19. In addition, the region is composed of local authorities that have varying levels of socio-economic resilience, based on Oxford Economics Vulnerability Index. The vulnerability index provides an indication of how well equipped a local authority is to withstand the economic shocks resulting from COVID-19, by considering its economic diversity, business environment and digital connectivity.

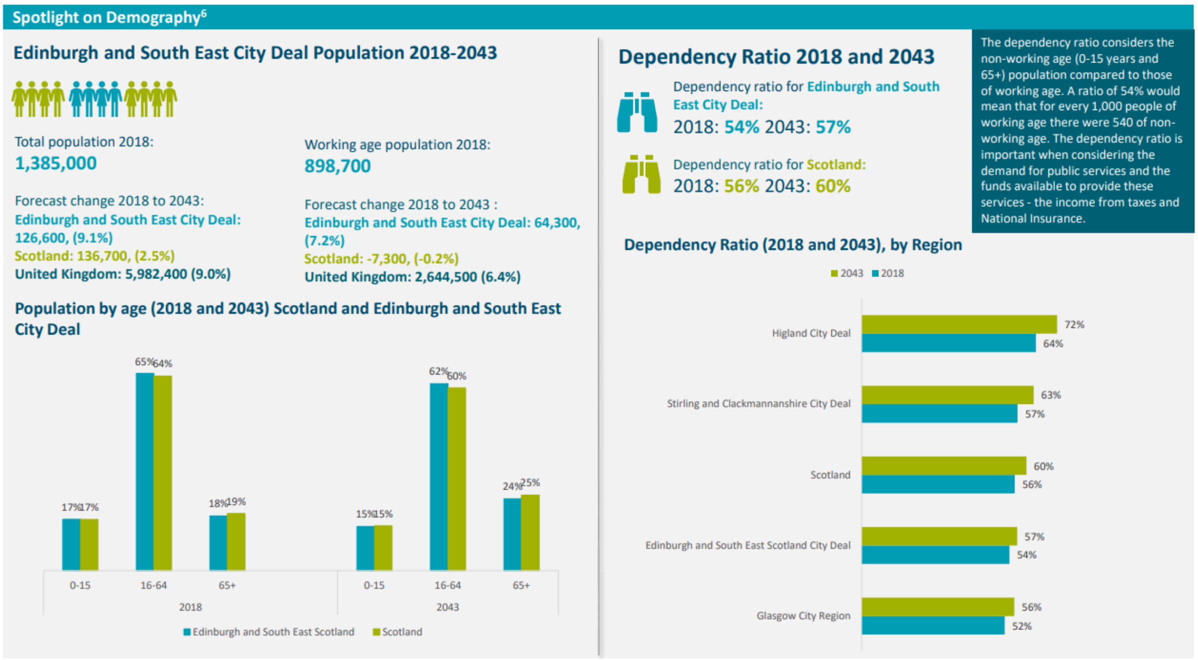
Local authorities across Edinburgh and South East Scotland with a lower share of small businesses, self-employment and reliable digital connectivity tend to be most resilient, such as the City of Edinburgh and Midlothian, which are the 1st and 4th most resilient local authorities in Scotland respectively. Other local authorities such as the Scottish Borders, however, have lower levels of resilience due to poor connectivity and lower rates of home working, with a relatively high number of small businesses and individuals who are self-employed.

Despite the economic impact of COVID-19 across the City Region, financial growth is forecast to continue with average annual growth projections from 2020-2030 suggesting a growth rate of 2.4%. This is higher than the average annual growth projected for Scotland as a whole.

Demographics

The area is home to 1.396 million people, around a quarter (26%) of Scotland's total population. However, over the past 10 years, the rate of population growth has begun to decline due to a reduction in natural birth rates and the overall population living longer. Over the 10 years from 2009 to 2019, across all six of the local authorities, the increase in those of non-working age has been higher than those of working age (16-64). This is felt most acutely in Fife and the Scottish Borders, where the working age population has decreased by 1% and 4% respectively since 2009.

Figure 2 - Population



A demography with an ageing population and a high dependency ratio (the number of people of non-working age dependent on those of working age) means that a smaller pool of people of working age are supporting a larger pool of older people who are not working. This in turn puts additional pressure on public services. There is also a more limited labour pool on which to draw to address regional recruitment needs. Some sectors such as Health and Social Care are currently experiencing skills challenges and could find it difficult to recruit the people they need unless more people of working age are attracted into the region.

Regions with high dependency ratios such as the Scottish Borders, East Lothian, and Fife, are likely to experience labour shortages. However, this could be offset by enhanced automation in certain sectors and a focused talent attraction and retention strategy.

Labour Market and Skills Landscape

The COVID-19 pandemic has had a demonstratable impact on businesses and key sectors across Edinburgh and South East Scotland. As of February 2021, there were 95,000 individuals who have had their employments furloughed across the region: accounting for 26.1% of Scotland's total furloughed workforce. All local authorities, with the exception of the City of Edinburgh, have a higher number of females than males currently on furlough.

Figure 3 – Furloughed Jobs and Redundancy

Despite the financial impact on businesses, there has been a steady rise in the number of job postings across the region over the past 12 months, highlighting a return of recruitment. The number of new job postings has increased by 5,958 from 3,651 in April 2020 to 9,609 in March 2021. This suggests that as lockdown measures were relaxed over the latter half of 2020 business confidence began to return.

Over half of these job postings were advertised in Edinburgh, followed by Livingston and Dunfermline. Programmers and Software Development Professionals, Care Workers and Home Carers, and Nurses were the most frequently advertised occupations with skills such as teamwork and collaboration, customer service and budgeting, in high demand.

The top employing industries across the City Region over the past 12 months have been Human health activities (22%), Education (16%) and Public administration and defence (8%) with the median real time salary associated with all postings across the 6 local authorities reaching £31,800.

However, job postings in the City Deal region remain 15% lower in March 2021 when compared to March 2020, suggesting that many businesses are struggling to stay afloat – and the types of jobs available may not offer the security or hours in demand from those in the labour market.

Forecast opportunity areas and recent job postings data all highlight the central importance of softer skills as well as technical skills to employers across the city region. Going forward ensuring meta-skills such as 'Social intelligence', 'Self-management' and 'Innovation' are part of provision planning will enable individuals to compete in a competitive and changing labour market.

Looking ahead, the number of people forecast to be needed to fill job openings in the labour market by 2023 is 95,100; accounting for 28% of Scotland's total number of job openings. This is primarily driven by replacement demand, when people retire from the labour market as opposed to new job creation. It is anticipated that despite the short-term labour market challenges facing the region, there could be some job growth and new opportunities created in the mid-term.

Question 2a: Our Current Regional Economic Profile

Are there any aspects of the Region's Economic Profile that are important to capture that aren't outlined here?

REGIONAL IMPACT FROM UK EXIT FROM EU & COVID-19

The cumulative effects of Brexit and Covid-19 will have short, medium, and longer term economic, social and environment effects at a regional and national level.

The COVID-19 global pandemic has had wide-reaching economic, social and health impacts around the world. For Edinburgh and South East Scotland, the impact on the economy has been significant because of the large number of people employed in tourism, travel, hospitality/food service, arts, culture and (non-food) retail.

Health, economic, digital and transport inequalities that existed before the pandemic have made it more difficult for some households to cope with the effects of lockdowns and restrictions and COVID has placed significant pressures on personal finances. The effectiveness of community action projects, right across the region, have provided strong support and helped to protect the most vulnerable in society.

Many existing business models are under threat, not just because of the immediate restrictions, but in the medium-term trends affecting patterns of consumer behaviour. This particularly affects transport, culture, retail and hospitality/food service. An economic divide between those businesses and individuals who can adapt to new ways of working, or move into new roles, and those who cannot, will develop and widen, unless support is put in place.

In addition to COVID-19, the UK's recent withdrawal from the European Union has the potential to create new challenges for Edinburgh and South East Scotland's labour supply. In June 2020, there were 85,000 EU nationals living across the six local authorities in the City Deal, accounting for 35% of the total number of EU nationals residing in Scotland. This is a decrease of 37% (1,000 people) from December 2019. Once Hospitality and Tourism enters a stronger recovery phase there may be an increase in skills shortages across the sector due to its high composition of non-UK nationals.

The outmigration of people from the City Region over the 6 months to from December to June 2020, hints at the potential future direction of travel in migration flows. Provided that Scotland and the City Region's only forecast population growth was due to inward migration, the UK's exit from the EU has the potential to create skills shortages across a range of sectors and occupations, whilst adding to longer-term labour supply challenges related to a shrinking working age population.

Identification of Vulnerable Groups

Throughout the pandemic, the unemployment rate for 16–64-year-olds in Edinburgh and South East Scotland increased gradually from 3.1% in March 2020, to 3.7% in September 2020 (25,500 people). This is higher than the Scottish unemployment rate of 3.5%. Fife has consistently had the highest rate of unemployment of all six local authorities, and women across the City Region currently have a higher unemployment rate (4.1%) than males (3.4%).

Modelling suggests that in a worst-case scenario, if the unemployment rate across Edinburgh and the South East of Scotland were to reach 20%, we could see up to 141,700 individuals unemployed.

Scale of potential unemployment levels in **Edinburgh and South East City Deal**

8% = 56,700
10% = 70,800
12% = 85,000
15% = 106,300
20% = 141,700

Scale of potential unemployment levels in **Scotland**

8% = 218,300
10% = 272,800
12% = 327,400
15% = 409,300
20% = 545,700

The impact of COVID-19 has not been evenly dispersed across the labour market. Young people have been at a particular economic disadvantage with many employed in sectors that have been heavily restricted or closed due to physical distancing measures. In September 2020, the 16–24-year-old unemployment rate was 12.4% (9,600 individuals), higher than the Scottish rate of 11.1%. This is three times as high as the 16-64 unemployment rate.

There is also concern that the furlough scheme could be operating as a potential buffer to rising unemployment rates in the long term. Assessing the number of people on universal credit provides a timelier indication of COVID-19 potential financial impact on individuals across Edinburgh and South East Scotland. Between March 2020 and February 2021, the claimant count rose by 94.5% (57,300 people) from 60,600 to 117,900. This suggests that there has been an immediate number of job losses since the outbreak of COVID-19 across the region.

For rural regions such as the Scottish Borders, increased youth unemployment has the potential to lead to a talent drain as young people look for employment and training opportunities in other areas. This, in combination with rural transport and digital connectivity poverty, could create further labour market and skills supply challenges that persist beyond the COVID-19 pandemic.

Recent insight provides that 10,276 of 11,083 (93%) school leavers across the City Region, transitioned into positive destinations. Most school leavers in went into Higher Education (4,554) or Further Education (3,311), and 396 individuals went on to training opportunities. It is worth highlighting that the number of school leavers going into employment increased by 49.8% to 2,849 in 2019/20 from 1,902 in 2018/19. In addition, the number of unemployed and job-seeking young people fell from 503 in 2018/19, to 395 in 2019/20.

A key area of focus over the years after the COVID-19 pandemic will be ensuring that all young people are supported into employment and training opportunities within the labour market, with additional support provided to those living in high SIMD areas.

Emerging Opportunities

Despite the challenges presented by the COVID-19 pandemic, there are emerging areas of innovation and opportunity that could be the drivers of future economic growth. Enhanced reliance on digital technology has not only driven business innovation across key sectors, but it has also reshaped the landscape of work as we know it. Many sectors, such as Financial and Business Services across the City Region, are changing to a more flexible 'work-from-home' model and increasing their digital capacity. As a result, more opportunities could be brought to the region, with an increase in remote working from any local authority.

This opportunity could extend beyond COVID-19 and result in several societal and economic benefits to the region, such as reducing the carbon footprint as commuting activity decreases. In the mid-long term, new opportunities in 'green jobs' are a growing area of opportunity that align with Scotland's carbon reduction aspirations, particularly in Construction, Engineering and Manufacturing, Transport and Land-Based Sectors.

In order to prepare and capitalise on 'green jobs' it is critical to ensure that there is a pipeline of individuals trained to enter these roles. It is important to have a clear understanding of the skills associated with these jobs, and to ensure that these are being developed throughout new and emerging provision pathways. This includes guaranteeing that everyone in society benefits fairly from the change towards a green economy and ensuring that those who are most likely to be disadvantaged by structural changes in employment receive target support.

Question 2b: Regional Impacts from UK exit from EU & Covid-19

From your organisation's experience, what are the main implications of COVID-19 and/or UK Exit from the EU, and what should the region do to 'build back better' from these 2 significant challenges?

4. WHERE ARE WE GOING?

WHAT IS OUR CORE ECONOMIC SCENARIO IN A POST UK EXIT AND COVID WORLD?

In the context of our shared duties and interrelated challenges, and considering the implications of the UK exit from the EU and a post Covid-19 economy, we have described below some broad potential future economic scenarios for consideration:

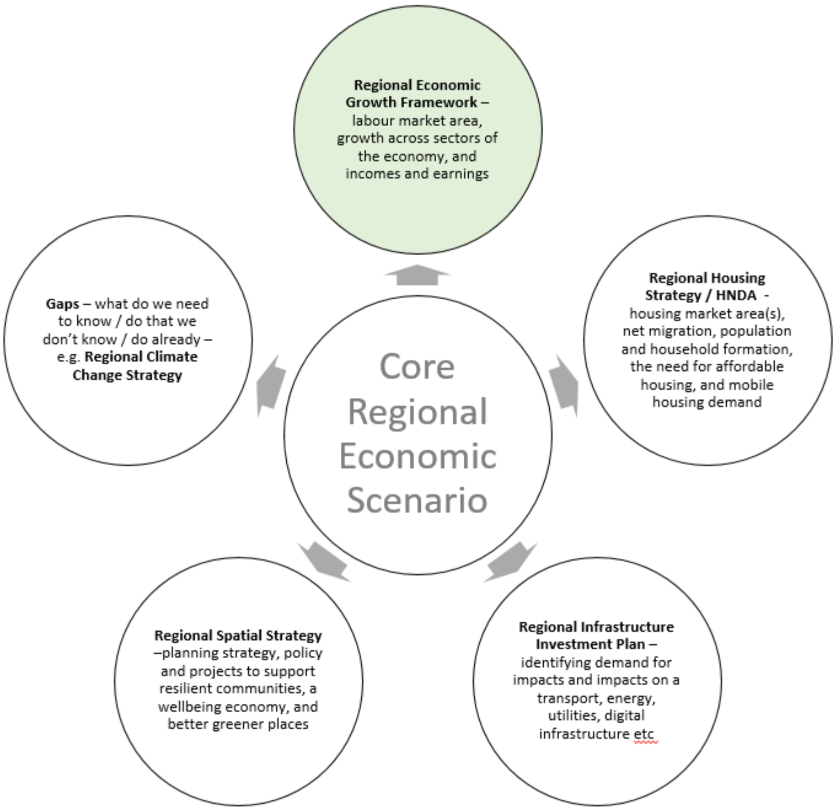
1. **Internationalisation & domestic strength** – we have strong on-going economic performance based on international trade deals, supporting appropriate in-migration, with high international and domestic demand for our products and services, with enhanced productivity and diversity in our economy, business base, supply chains and workforce;

2. **Building strong foundations for our future** – Steady and then faster growth based on strengthening our internal markets and local supply chains to meet greater domestic demand for our products and services to re-orientate, diversify and strengthen our economy, business base and work force, while supporting appropriate in-migration and meeting growing international demand for our products and services;

3. **Missed Opportunities & Expectations** – we struggle to adapt to new international trading and migration arrangements and our economy falters in the face of unpredictable international and domestic demand for our products and services and our supply chains cannot adapt or respond quickly enough which limits our productivity and ability to promote diversification of our business base, economy and workforce

USING A CORE REGIONAL ECONOMIC SCENARIO

If a core economic scenario could be defined, its outputs could be used as inputs and as a basis to align our regional and local plans, projects and programmes. We could explore how the effects of a core economic scenario may be used to inform and prepare aligned regional plans and strategies.



Question 3: Using a Core Economic Scenario

What core economic scenario do you think is most realistic and would you refine the description above?

Should a core economic scenario be the basis for alignment of plans, projects and programmes?

What do we need to know about the effects of core economic scenario to prepare aligned regional plans and strategies?

5. OUR EMERGING VISION FOR THE FUTURE

Having reviewed the duties, challenges and opportunities that the Region needs to address, the following section outlines our collective Vision for the Region, as well as the themes that will focus our activity.

In doing so, it seeks to recognise the importance of the area's natural, cultural, built and community assets, and our determination to create a more equal economy and society, improve citizens' health & wellbeing, address climate challenge and help develop an international, well connected, outward looking city-region.

Our proposed Vision

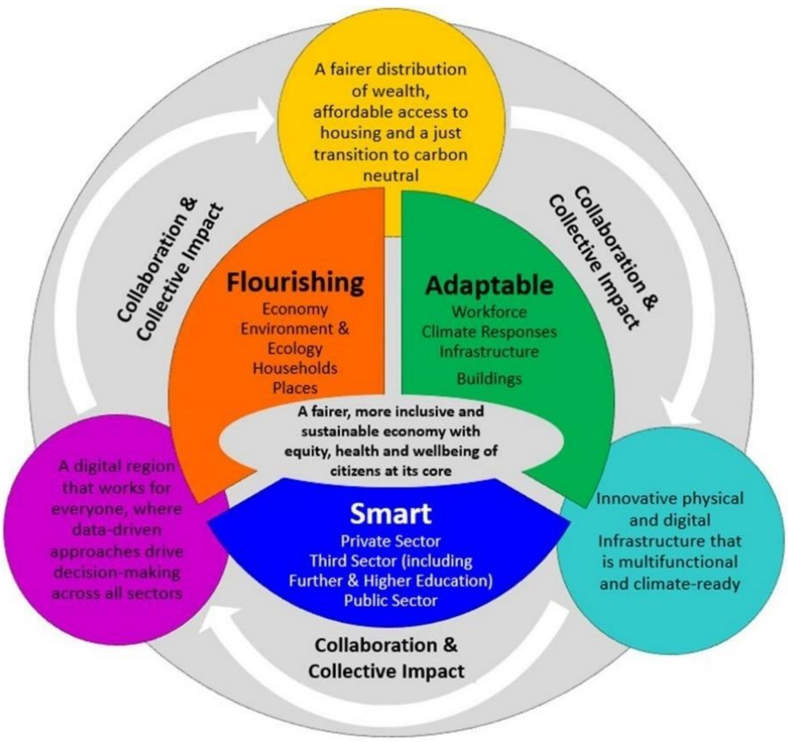
> *We will drive the economic recovery of Scotland whilst ensuring the proceeds of innovation and growth are fairly and sustainably distributed across all sections of the community to tackle inequalities. We will protect our environment and make best use of our assets to ensure that the Edinburgh and South East Scotland City Region delivers for all its citizens as we transition to a zero-carbon economy. Our institutions, ancient and modern, will deliver benefit for all.*

Question 4: Our proposed vision for the future

Do you think this proposed Vision is realistic, ambitious and recognises the Region's distinctive characteristics and strengths? If not, what would you add or change?

Delivering the Vision

A series of future regional priorities have been outlined below, these seek to maximise the opportunities which the Region offers, while addressing the challenges which it faces, both existing and as a result of Brexit and COVID-19 and its impact. These are emerging priorities and will require further work, consideration and consultation as the RGF develops. These priorities fall broadly into three key thematic areas – **Adaptable, Flourishing and Smart.**



6. OUR EMERGING STRATEGIC THEMES

Theme 1 – Flourishing

We want to spread the benefits and prosperity more evenly around the region in an environmentally sustainable way, to ensure inclusive growth, community wealth building, community wellbeing and reduced inequalities are achieved. Technological and climate change is transforming the types of skills requirements and job opportunities available and how companies do business. It is vital that people in the region have the skillsets required to work in key sectors. We want to have economic wellbeing levels well above the Scottish average and equal to or better than comparable international City Regions. We want our governance, investments and institutions to support the strategic and fine grain economic activities, innovations and enterprise and this defines the region as a global pioneer and leader in these fields. We aim to have a wide labour market with diverse skills base to match current and emerging business requirements and future growth sectors. We have education, skills and training opportunities, targeted at particular underrepresented groups and sectors with appropriate support to enable their increased participation. There is improved access to such employment, education and training opportunities across the whole region. This supports a diverse, broad and resilient economic base with wide range of job types and employees linked to innovation, a just transition to carbon neutral and local production and supply chains.

Future opportunities include:

- Delivering the 21,000 jobs that the City Region Deal projects will bring and helping our most disadvantaged communities have the skills and ability to access these opportunities.
- The City Region Deal Integrated Regional Employability and Skills (IRES) Programme will provide part of the support required to help people in the region adapt to these changes.
- Sustainable, accessible and integrated transport as an enabler to opportunities and reduce inequalities.
- Maximising community benefits from the City Region Deal and future collaboration projects can deliver economic opportunities linked to areas of disadvantage.
- Distribution of key sectors and jobs and assets - building on the region's core sectoral strengths which include tourism, agri-tech, life sciences, data science, tech, finance, fintech, creative industries, food & drink, renewables/energy, health and social care, manufacturing, construction, warehouse and distribution.
- Supporting our town centres and existing key sectors including retail, health care, hospitality and more.
- Growing export value and the number of exporters. Consider economic opportunities at a regional scale e.g. future warehouse, distribution, industrial and retail uses, and how those organisations maximise their global reach.
- Work in partnership with utility suppliers to ensure the combined ambition for net-zero, community wellbeing and inclusive growth can be delivered across the 6 regions.
- Embed the principles of the Logan Review across all sectors to support and nature innovation and entrepreneurship.
- Maximising the benefits of an inclusive economy extend beyond existing urban centres to smaller towns and rural areas, to develop/enhances 'locally' functioning hubs. Effective and low carbon infrastructure connections between places, create conduits for business and enterprise, workers, skills, training, and goods and services
- Collaboration with Scottish Government to deliver wide range of financial innovation opportunities that will enable the delivery of a 'Regional Housing Programme' focused on our seven transformational strategic sites:
    - Deliver upfront land remediation and shared infrastructure delivery across sites that require it –Blindwells and the former Cockenzie Power Station Site, Edinburgh's Waterfront, Dunfermline, Shawfair, Winchburgh, Calderwood and Tweedbank.
    - To also deliver the associated low and zero carbon, green and blue infrastructure on these sites that will enable adaptation and mitigation to climate change and reduce fuel poverty, increase energy efficiency and deliver wider multiple benefits.

- Investment required to meet the greatest affordable housing need in Scotland, through an expanded regional affordable housing programme
- To enable wider delivery of affordable, specialist provision, MMR and BTR and therefore mixed tenures and communities
- Regional Home Demonstrator – mainstreaming modern methods of construction that can be deployed across the region
- Housing Construction & Infrastructure Skills Gateway

Theme 2 - Smart

Data is critical to future economic growth, social change, and public services, the region has ambitious plans to establish the City Region as the Data Capital of Europe and ensure that communities across the region benefit from data-driven innovation. The City Region is home to the £1bn+ businesses FNZ, FanDuel and Skyscanner, and major international tech companies such as Amazon, Cisco, Oracle, Microsoft and IBM have also created bases in the City Region. In terms of academic and research capability, the University of Edinburgh has been ranked first in the UK for computer science and informatics research and Heriot-Watt University is a global leader in Robotics and Artificial Intelligence (RAI). Future opportunities include:

- Collaboration across public, private and academic sectors to apply data science approaches, to develop innovative and financially sustainable models to business operations, including regional opportunities in the fintech sector and in health and social care.
- Data-driven approaches to prevention, treatment, and health and care service provision, enabling high quality and efficient care within a world-leading learning healthcare system.
- Delivering business premises of the future are ready for data-driven innovation opportunities, including the City Region Deal Fife i3 Programme and Borders Innovation Park, as well in other major development areas like West Edinburgh, Fountainbridge and Granton in Edinburgh.
- Smart and future-proofed infrastructure – ensuring the region is at the forefront of new infrastructure and in a position to enable 5G and superfast broadband delivery across the region, to enable businesses to locate, invest and grow in our more remote and rural locations whilst also allowing people to work from more flexibly from home and other locations.
- Smart and future proofed transport – ensuring the region has coordinated information and flexible transport modes that are easily accessible, and deployed to promote growth in the sector and support net-zero and the reduction of inequalities.
- Smart and future proofed utility networks to effectively and efficiently serve the region and its ambitions.

Theme 3 – Adaptable

To respond to change the region must be able to adapt. Economic changes, including technological advances are rapidly taking place and changing the way we work and access services. Climate change is bringing challenges and opportunities for the region, including the need for adaptation, mitigation and sequestration measures; this could also bring significant opportunities to justly transition to a low carbon economy. Our people also need to adapt in terms of lifestyle, and we must change our skills base to meet the requirements of our future economy.

We will work with the Scottish and UK Governments to ensure our national, regional and local plans, consenting, investment and delivery is co-ordinated, streamlined and accelerated to ensure:

- Nationally significant transport projects will be delivered to better connect the region to other city regions, places and markets including:
    - Rail – HS2 / Waverley / SETEC / Freight
    - Road based public transport
    - Active travel

- A720/A1
    - Air
    - Marine
- The delivery of a fairer distribution of economic growth across the region, not just population and housing, to:
    - increase diversity of economic activity and job density in hinterlands,
    - make more resilient communities,
    - minimise need to travel,
    - make best use of assets – e.g. contra peak capacity in transport network
    - encourage new ways of working
    - use of digital connectivity
- Masterplan Consent Areas and / or New Towns will be designated where appropriate, and major national and cross boundary transport projects will be delivered through national, regional and local level collaborative teams
- We will work as regional partners to ensure
    - Our plans and strategies are coordinated across boundaries and projects; and
    - frequent, reliable, integrated and affordable public transport and active travel services and options for all in the region by working closely with transport providers and SEStran and SUStran etc.

- Better connected - Future priorities to ensure that the region is better connected, include:
    - Measures to increase workforce mobility, especially for residents of disadvantaged communities, primarily through the creation of fully coordinated, integrated, flexible affordable network across the regions that helps reduce inequalities. Strategically, future plans need to acknowledge the integration of land use and transport, to support 20min neighbourhoods.
    - A single point of information and ticketing for public transport across the region.
    - Promoting the use of the National Transport Strategy 2 transport hierarchy for new strategic housing sites, as well as from main centres of population to centres of employment, education and training as well as other public facilities including health care;
    - The transport network needs to flexible to adapt to the differing transport needs of the region, offering multiple travel choices to customer.
    - Utilising data to optimise the development of transport solution design and customer choices.
    - Focusing on investments on modal shift and supporting the more disadvantaged communities.
    - Interventions that, individually and/or collectively, demonstrably address climate change and reduce carbon emissions.
    - Considering potential longer-term schemes for tram, light rail and heavy rail.
    - Considering a new approach to freight decarbonisation
    -

- Sustainable - We have established four task and finish groups to deliver strategic outline cases for the development of sustainable Energy Management Systems, Regional Supply Chains, developing an Investment Prospectus for COP 26 and setting out a Risk impact for climate change consequences, including economic consequences. Additional opportunities to help ensure the region can adapt to climate change and transition to zero carbon emissions include:
    - Sustainable Modern Methods of Construction – The scale and pipeline of regional housing development presents a unique opportunity for innovation and use of offsite manufacturing methods of construction to ensure that homes are future proofed being built to the highest quality and energy efficiency standards with significantly reduced waste and carbon emissions. Continued collaboration with Edinburgh Napier University's Institute for Sustainable Construction and Construction Scotland Innovation Centre.
    - Energy - The region already has some significant assets that can help enable the transition to a low carbon economy. However, harnessing this collective potential combined with future investment,

behavioural change, and recycling will be essential to meet ambitious local and national targets. Existing key assets and opportunities across the region include:

- Energy Park Fife - Energy Park Fife is a world leading engineering and research zone within the energy sector.
- Energy from Waste Plants - Maximising connections to Midlothian and East Lothian sites to deliver low carbon heating in the South East of Scotland.
- Geothermal - There are several former coal fields across south east Scotland, such as the Midlothian and East Lothian and Fife coal fields, where there is significant potential to abstract and make use of warm mine water to develop geothermal heat networks.
- Recycling - Significant expansion in recycling facilities, consideration could be given to regional recycling hubs.
- Transport – Transport accounts for 37% of Scotland's greenhouse gas emission, there are a number of national, regional and local initiatives to investigate the decarbonisation of transport and reduce travelled kilometres.
- Transport – A true modal shift from the private car (even EV powered) to active travel and public transport will help maximise the efficient use of energy, but this can only be achieved by providing a viable alternative to the private car. Adoption of Mobility as a Service and Demand Responsive Transport across the region will provide the platform to create a fully integrated public transport offering, coupled with Demand Responsive Transport to respond to the customer needs and the changing dynamics of the region.

• Green, Blue Infrastructure and nature based solutions, including carbon capture and sequestration. We will identify regional project, programmes and actions that will help us to adapt to and mitigate future climate, focusing on reduction measures and the mitigation and sequestration. Afforestation and enhancing the significant woodland and wetland assets within the region and particularly the Scottish Borders

Question 5: Our Emerging Strategic Themes

Do you think that the Regional Priority Themes provide an appropriate framework to focus our collaborations to maximise the potential of the region?

Have you any further suggestions in terms of specific opportunities, asks and commitments that should be outlined within each Theme?

7. OUR EMERGING BIG MOVES

A Better Connected Region

The interdependence between local partners has never been greater with increased mobility of workers and people choosing to live, work and invest in locations across the region irrespective of administrative boundaries.

South East Scotland is well placed to capitalise on improved international, UK cross-border as well as national connectivity, including between Edinburgh and London. Edinburgh Airport, ports on the Firth of Forth and the radial transport corridors to, through and from our region connect it to other UK, Scottish regions and City Region Deals including Tay Cities and Borderlands. These routes and our digital connectivity provide the means to develop wider relationships and to seek out, attract and share new opportunities.

Edinburgh city centre and the regional core have an unrivalled role, but many of our major cross boundary connections converge elsewhere in the region. A better more sustainably connected region underpins its future success. Some of our key objectives are to promote future growth within the city centre, regional core and along our growth corridors in line with the high-level approach below:

- Connecting West – we want to build a new partnership between the Edinburgh and Glasgow City Regions to address labour market linkages, sustainable connectivity and sectoral collaboration. We also want to ensure we take advantage of our shared UK cross border connectivity and associated development opportunities, including logistics, freight and storage and distribution as well as manufacturing;

- Connecting North – utilising recent investment in the new Forth crossing, we want to improve connections to the Tay Cities Region and Aberdeen City Region areas, and to make available growth opportunities in key locations within Fife, including the former Longannet Power Station site, Port of Rosyth and Fife Energy Park, as well as around the Forth Bridge heads and at Edinburgh Airport, including growth of our financial, insurance and other professional sectors. The Levenmouth Rail Link will also offer new opportunities for both passenger and freight transport. A key focus of this will include ongoing support for further development of sustainable energy connections with key partners across the region and beyond;

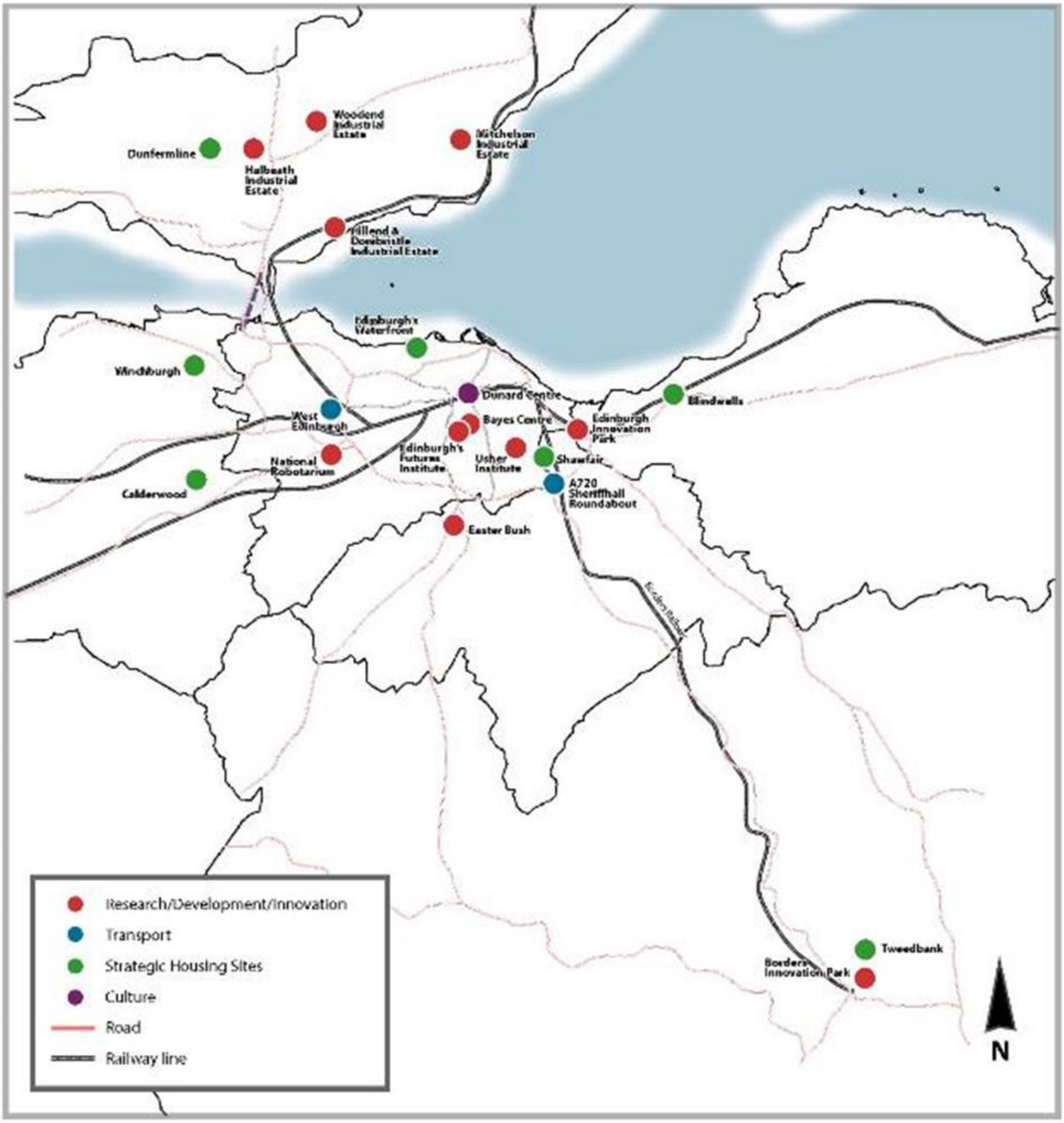
- Connecting East – utilising existing and future enhancement of UK cross border connections between south east Scotland, north east England and London we want to reduce journey times and strengthen the UK cross border cities network. Along this corridor there is significant potential to align plans for substantial economic and housing growth in a new strategic regional growth gateway location focused on an enlarged new settlement at Blindwells with new regional town centre, the redevelopment of former Cockenzie Power Station site and a new regional gateway transport hub. The creation of a new railway station in Reston will also provide opportunities for inclusive growth and opportunities within the east of the Scottish Borders;

- Connecting South – the BioQuarter, and Edinburgh Innovation Park at Musselburgh cluster around the A720 (east end), A1, and East Coast Main Line; with Easter Bush nearby in the A701 growth corridor. The Borders Railway remains a major corridor for sustainable growth and rural regeneration; and a new North South tram line must connect North and Central Edinburgh to the Bio Quarter and then to the growing communities to the south of the city. To strengthen links further, the region requires the extension of the Borders Rail Line to Carlisle to improve UK cross border connectivity between the south of Scotland and the north west of England. For the movement of freight between the north of England and South of Scotland the A7, and A68 are key strategic routs that require future investment. In the future we will continue to use these established corridors to enable a sustainable pattern of development and on-going inclusive growth.

Major Regional Opportunities

This section sets out some of the major regional opportunities that have been identified through the RGF development process. Each aligns with one or more of the themes set out above. These opportunities cannot be fully realised without a regional approach and will deliver significant impact with the potential to reshape the region's future.

- The Data Capital of Europe – As a nation and a region, our lives are being transformed by technology at a tremendous rate. The BEIS Science and Innovation Audit provided a roadmap for the region to be an economic beneficiary of this data revolution, rather than a passive consumer. It highlighted the need for collaborative action to develop the digital and analytical talent the Region requires to thrive in the face of global competition. The CRD's Data-Driven Innovation programme has acted as a catalyst for this collaborative action, but this now needs to be extended into day-to-day economic development activity across the region, to support the transition and growth of data-enabled business operations. Through this, the Region can consolidate and strengthen its Innovation Ecosystem to support organisations, irrespective of where they are based in the Region. This can deliver the vision of the region being the Data Capital of Europe
- Re-building our neighbourhoods, towns and cities - addressing affordability and connectivity within 20 min neighbourhoods, and re-thinking our High Streets, in both a city centre and a town centre context, focusing on new roles and new uses;
- Sustainable transport and mobility – we will reduce car dependency right across the region which will require transformation of our active travel and public transport provision;
- Regenerating the Forth estuary: from Rosyth to Cockenzie, taking in the Forth Bridges and Granton, linking to Grangemouth/Forth Valley – and including the redevelopment of our coastal industrial base to focus on support for the renewables sector;
- Re-imagining sustainable tourism: regionally and nationally connected, with sustainable assets and attractions across the region;
- Re-building support for business: to focus on good growth and a new wave of entrepreneurialism, with a strong focus on green businesses;
- Re-designing the new skills system; focused on emerging sectors and technologies and supporting those who have been disproportionately affected by the COVID-19 pandemic (particularly young people) to secure sustainable employment;
- Re-inventing healthcare: One Health, focused around the Bio Quarter, Easterbush, etc working with the NHS Boards and Health and Social Care Partnerships;
- The region will deliver a collaborative approach across energy management systems, regional supply chains, COP 26 investment prospectus and risk impact for climate change consequences, responding to the challenges and opportunities presented by the climate crisis;
- Reaffirming the role of our anchor institutions right across the region to maximise their social, economic and environmental roles.



Question 6: Our Big Moves

What are your views on our proposals for a better-connected region?

What are your views on the regional pipeline opportunities outlined? What other major regional projects or initiatives should be considered, and do these fit within the suggested Themes?

In terms of prioritisation, what should be the focus of activity in the first 3 – 5 years?

8. OUR PROPOSED APPROACH TO DELIVERY

This section sets out how the projects, big moves and themes converge into a framework for delivery. The RGF Action Plan will reflect a short term focus (years 1-3), and it is envisaged that the action plan will be a live document, which will be updated frequently as projects are developed and delivered. The overarching RGF will be refreshed at 3 – 5 year intervals.

Over the short, medium (years 4-6), and longer (years 7-10) term horizons, the Edinburgh and South East Scotland City Region Deal (ESESCRD); the regional pipeline of projects; and the identified "big moves" will all inform action plan updates. Further information on each element and how it links to RGF delivery is outlined below:

Delivering the Deal

In these uncertain times the £1.3bn ESESCR Deal provides certainty both in terms of investment but also the 15-year commitment made between the Deal signatories. The projects and programmes in the Deal provide committed investment, together providing a strong foundation to grow, leverage and develop opportunities for the regional economy.

The ESESCR Deal is of national importance with significant implications for Scotland's future growth. This Framework seeks to build on the ESESCR Deal and maximise our existing assets by outlining key measures, priorities and opportunities which have arisen from the collaboration and which respond to the economic and climate challenges that face us all.

Pipeline Projects

The region has worked collaboratively to prioritise a pipeline of projects which can be delivered over the short to medium term (1-6 years) with the right investment and partnership approach to deliver against the three key thematic areas of the Regional Economic Framework.

Big Moves

The strategic programmes, partnership and approaches outlined in the 'Big Moves' section aims to ensure that the region delivers the vision and ambition of the Regional Growth Framework over the next 20 years.

Action Plan

An action plan with a short timescales focus will be regularly updated to ensure that the key projects and deliverables of the framework are live and area able to react and respond to future economic, societal and environmental factors to best meet the needs of our communities.

Question 7: Our Approach to Delivery

Are there any important linkages that aren't captured here? If so, what are they, and how do these link with the Themes and/or the emerging regional "big moves"?

What role could your organisation playing in delivery, and what would you expect the regional partners to deliver to assist this?

9. OVERSEEING CHANGE

The delivery of the change proposed within the Framework will require a significant collective effort from a range of organisations.

Key partners in the delivery of the Regional Growth Framework will include the Edinburgh City Region Deal signatories (the six local authorities, together with regional universities, colleges and the Regional Enterprise Council, UK and Scottish Governments), as well as a range of other organisations with a key role in the Region such as Scottish Enterprise, South of Scotland Enterprise, Transport Scotland and SEStran.

The successful delivery of the Framework and action plan requires each of its elements to be implemented in a coordinated way. An effective structure is already in place to support the delivery of the Edinburgh and South East Scotland City Deal, and this will be the basis of a broader public / private sector economic partnership to guide and monitor the delivery of the Framework.

The Regional Enterprise Council – has already started to influence and shape the Framework and will continue to ensure that strong, effective leadership and input is provided across the public and private sectors.

The Elected Member Oversight Committee established in January 2021, ensures that that the Framework is developed and governed through to the delivery phase with the appropriate local level scrutiny.

The regional partners are committed to working together to develop and deliver our vision for the future of our region. We are keen to continue to focus on our strong relationship with national agencies, and the Scottish and UK Governments, to ensure that our regional efforts are both supported by, and contribute strongly to, the wider national context. We look forward to continued joint working to share and realise our vision.

Question 8: Overseeing Change

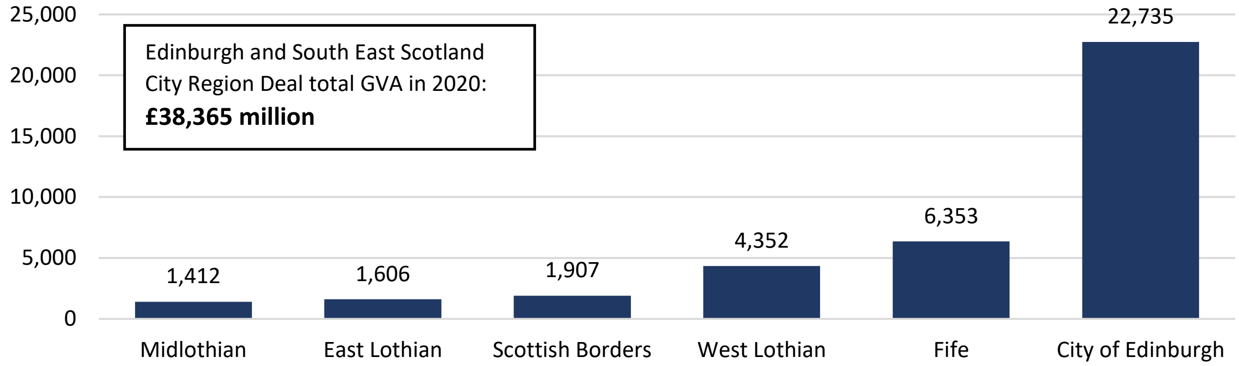
Do you think that your own organisation could play a role in achieving the objectives of the Framework? If so, in what specific areas?

APPENDIX 1

TECHNICAL BACKGROUND

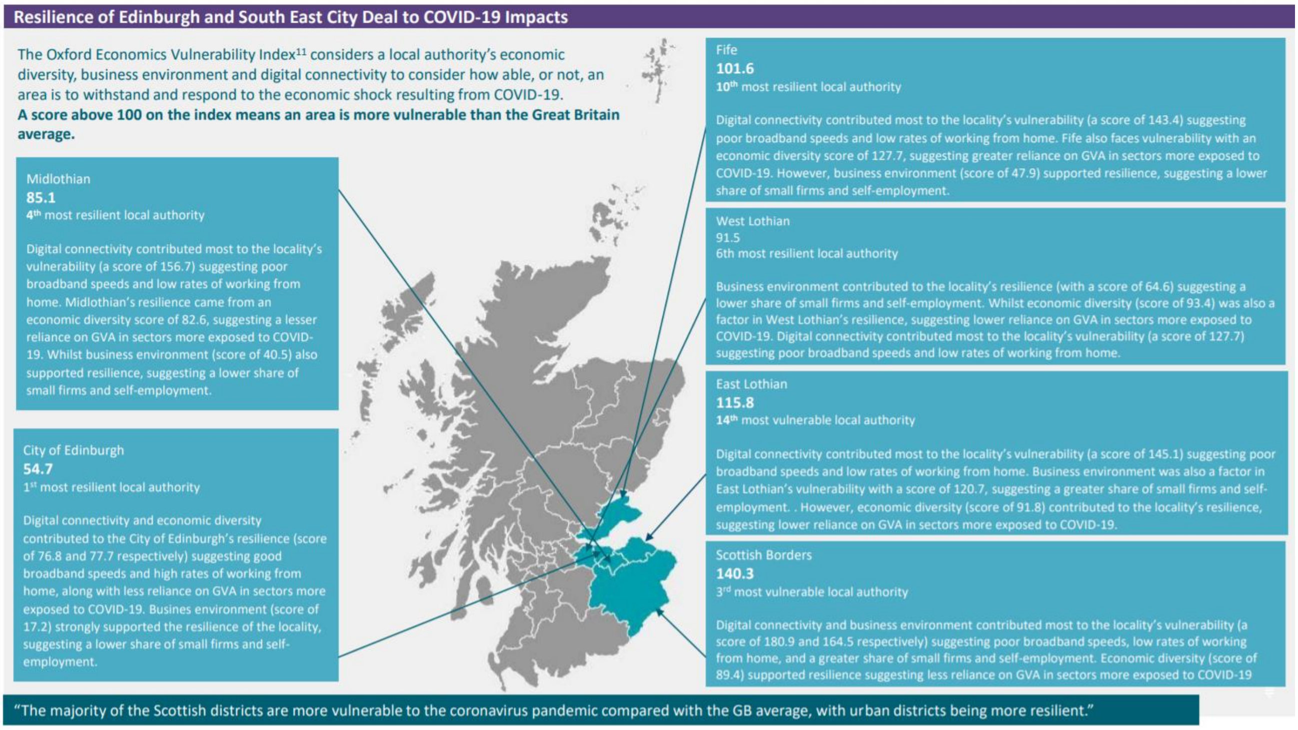
Economic Performance

Chart 1: City Region GVA 2020 (£m) by Local Authority



Source: Oxford Economics Forecasts (Skills Development Scotland)

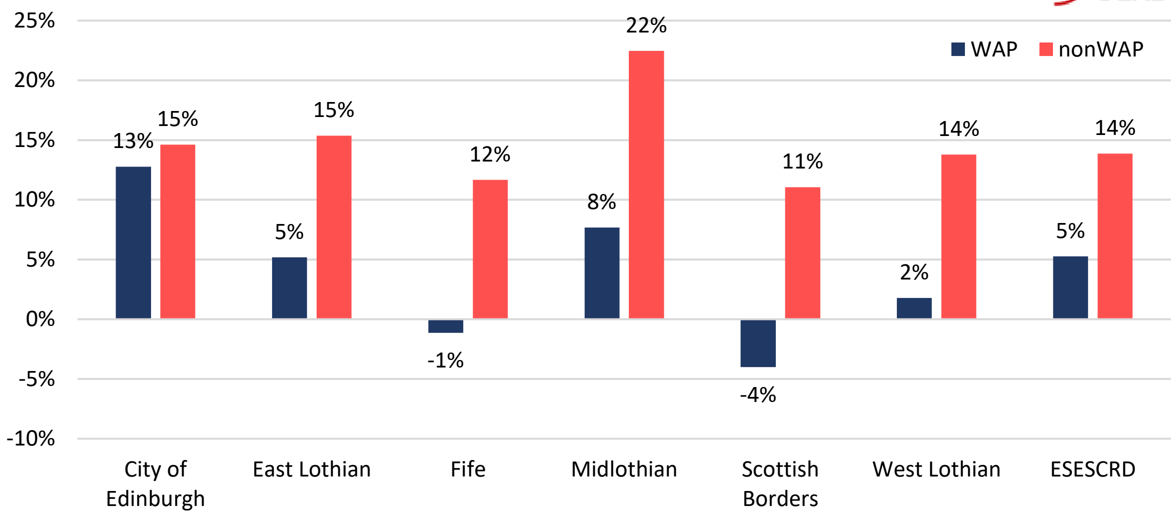
Figure 1: Oxford Economics Vulnerability Index – Edinburgh and South East Scotland



Population and Demographics

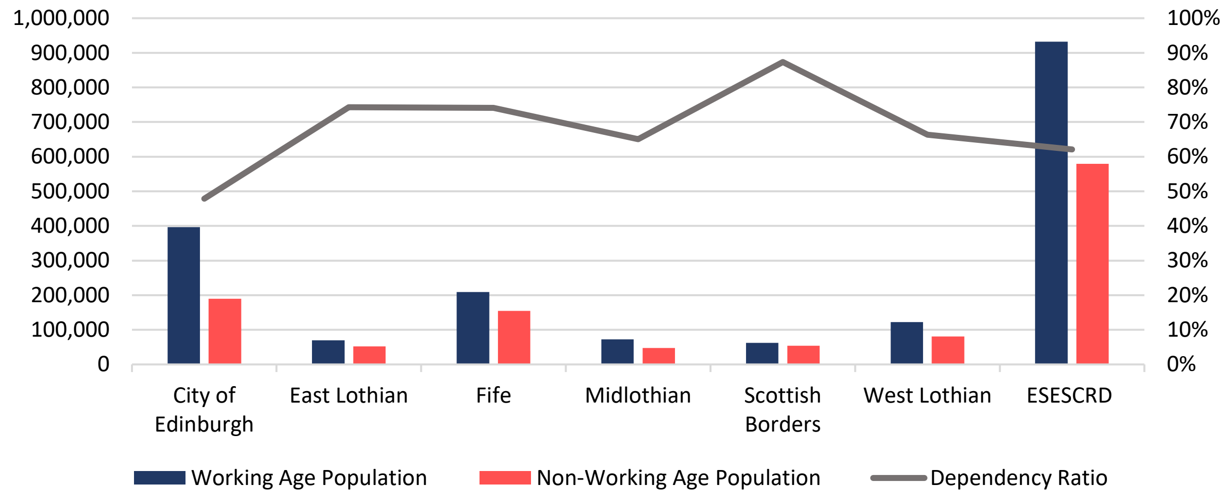
Percentage change in the 16-64 yea-old Working Age Population (WAP) and the non-Working Age Population (non-WAP) across the City Deal region between 2009 and 2019.

Figure 1: Percentage change in age categories by local authority 2009-2019



Source: National Records of Scotland

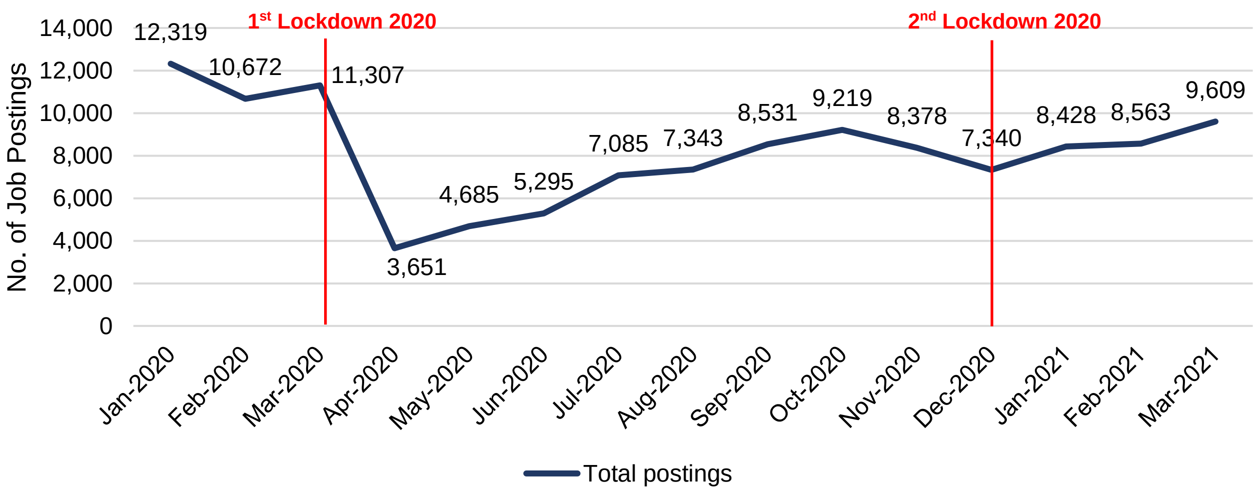
Figure 2: Population projections by age category and local authority in 2043



Source: National Records of Scotland (based on mid-2018 population estimates)

Labour Market and Skills Landscape

Chart 1: No. of Job Postings Jan 220 to March 21 – Edinburgh and South East Scotland



Source: Burning Glass Technologies (2021) *Please note that Burning Glass Job Postings data may not sum due to absence of information associated with some postings e.g. no salary information or SIC or SOC Code.

Table 1: Top Job Postings by 2 Digit SIC – Edinburgh and South East Scotland

Industry	Job Postings	% of Total Postings
Human health activities	10,581	22%
Education	7,396	16%
Public administration and defence; compulsory social security	3,914	8%
Retail trade, except of motor vehicles and motorcycles	3,044	6%
Financial service activities, except insurance and pension funding	2,919	6%
Social work activities without accommodation	2,318	5%
Activities of head offices; management consultancy activities	1,790	4%
Legal and accounting activities	1,323	3%
Residential care activities	1,249	3%
Food and beverage service activities	1,140	2%

Source: Burning Glass Technologies (2021)

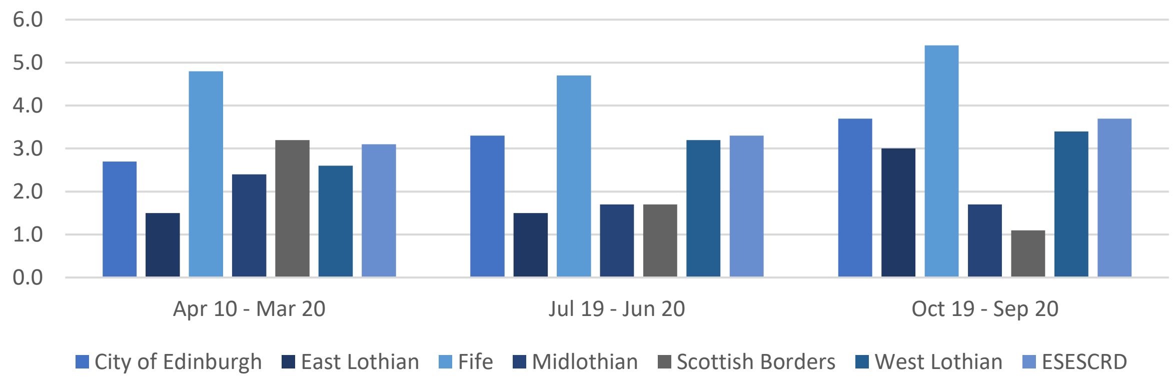
Table 2: Top Job Postings by 4 Digit SOC – Edinburgh and South East Scotland

Occupation	Job Postings	% of Total Postings
Programmers and software development professionals	5,706	7%
Nurses	3,568	4%
Care workers and home carers	3,440	4%
Other administrative occupations n.e.c.	2,107	2%
IT business analysts, architects and systems designers	1,975	2%
Managers and proprietors in other services n.e.c.	1,953	2%
Chartered and certified accountants	1,795	2%
Sales related occupations n.e.c.	1,650	2%
Customer service occupations n.e.c.	1,610	2%
Management consultants and business analysts	1,450	2%

Source: Burning Glass Technologies (2021)

COVID-19, BREXIT, and the Labour Market

Chart 1: Unemployment Rates (16-64) by Local Authority (%)



Source: Annual Population Survey (Labour Force Survey)

Chart 3: Number of People on Universal Credit in Edinburgh and South East Scotland (February 2020 – February 2021)

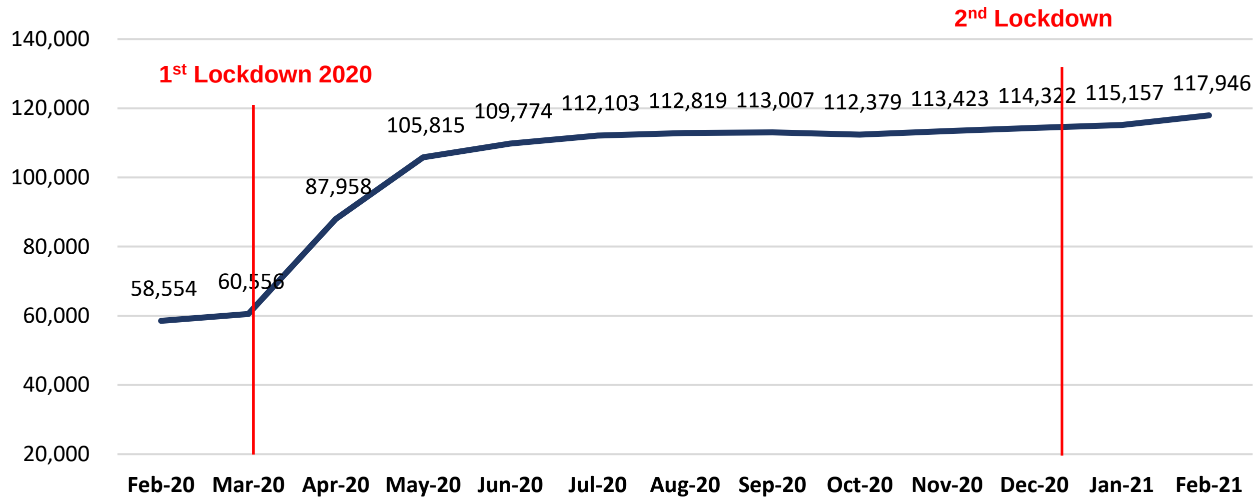
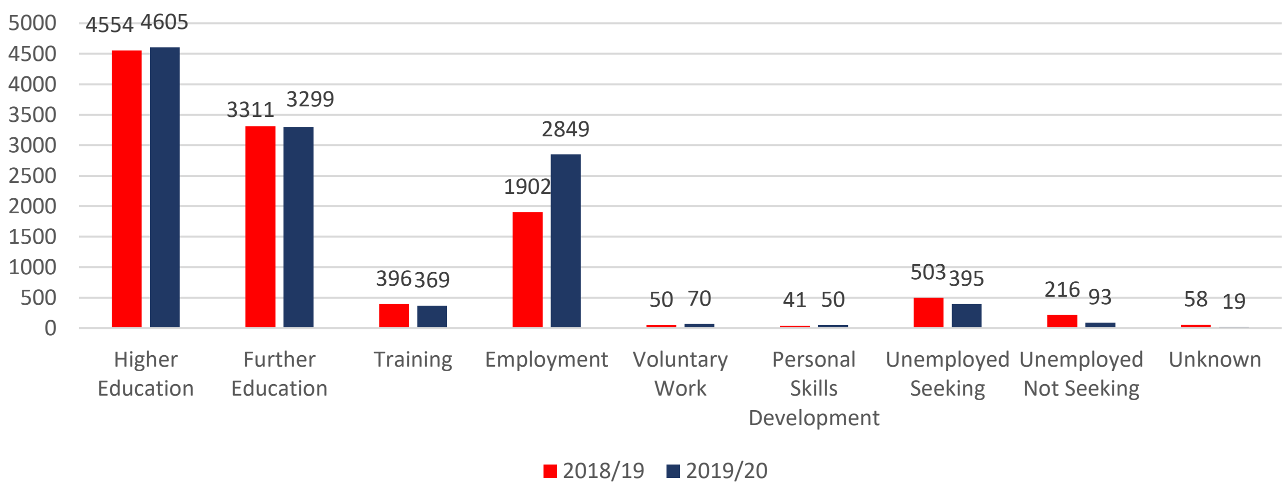


Table 1: Population by country of Birth, December 2019, and June 2020 (Thousands)

Area	EU Total (December 2019)	EU Total (June 2020)
Scotland	234,000	240,000
City of Edinburgh	46,000	47,000
East Lothian	4,000	4,000
Fife	15,000	15,000
Midlothian	5,000	3,000
Scottish Borders	4,000	2,000
West Lothian	12,000	14,000
ESESCRD Total	**86,000**	85,000

Source: National Records of Scotland (2020)

Chart 4: Initial School Leaver Destinations – Edinburgh and South East Scotland (2018/19 and 2019/20)



Source: Summary Statistics for Attainment and Initial Leaver Destinations, No. 3: 2021 Edition