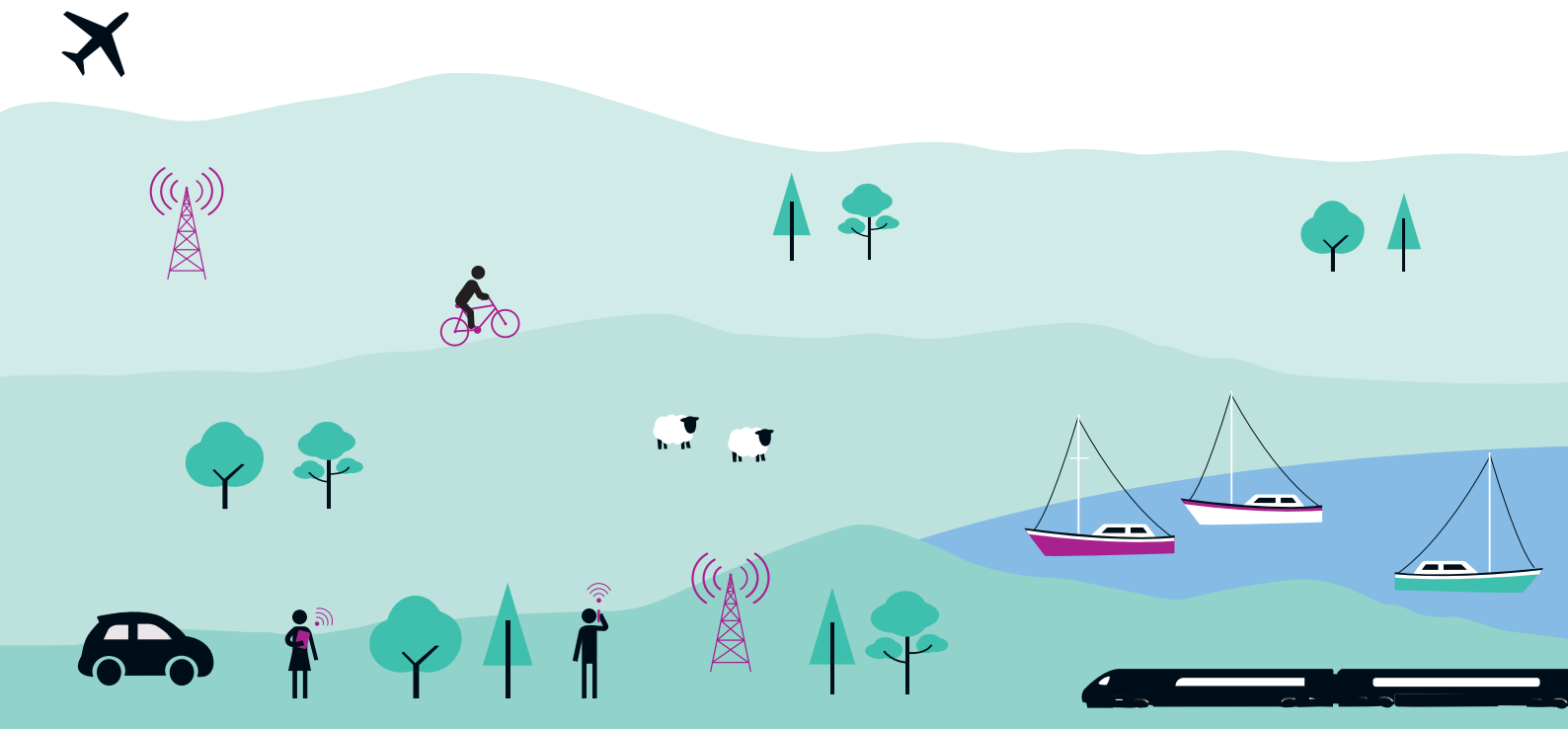




# Growth Deal

# March 2021



Our signing of this document confirms our joint commitment to achieve full implementation of the Borderlands Growth Deal.



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Cabinet Secretary for  
Transport, Infrastructure  
and Connectivity  
Scottish Government



**Iain Stewart MP**

Parliamentary Under  
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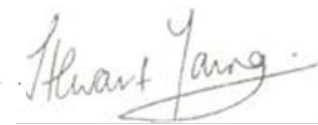
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## Executive Summary

### **The Borderlands. A shared space. No ordinary place.**

- City Region and Growth Deals establish new collaborative regional partnerships, to deliver long-term strategic approaches to improving regional economies. As the first cross-border deal and covering the largest area of any of the deals agreed to date with the UK and Scottish Governments, the Borderlands Inclusive Growth Deal is truly distinctive and will support growth priorities in both England and Scotland.
- As part of a shared, strategic approach, the Borderlands Inclusive Growth Deal is designed as a coherent package of activity to be delivered with fresh investment in the region. Jointly funded by up to £350 million from the Scottish Government and UK Government it delivers total investment of £150 million for Scottish elements (£85 million Scottish Government and £65 million UK Government) and up to £200 million for English elements alongside local investment of a further £102.56 million. The Deal will deliver an integrated package of activity built around four themes, essential to the long-term success of the Borderlands area. Funding for individual projects and programmes will be subject to final approval of business cases setting out the case for investment and reflecting the interrelated nature of the activities and the need for aligned delivery across the whole area to make the most of the opportunity from the Deal investment.
- The five Local Authorities which constitute the Borderlands Partnership are Carlisle City Council, Cumbria County Council, Dumfries and Galloway Council, Northumberland County Council and Scottish Borders Council. We have joined together to develop a coherent package of proposals that represent a transformative step change for the businesses and communities of the Borderlands by increasing productivity, growing the working age population, and delivering a more inclusive economy. Through the projects we aim to deliver up to 5,500 jobs and £1.1bn of additional GVA as part of a sustainable and inclusive approach to growth.
- We have a shared ambition for the Borderlands to reach its potential for everyone, delivering green growth and attracting new businesses and investment. We will improve our connectivity, deliver skills and innovation, and improve our places to support their longer-term resilience. We will attract new residents and welcome more visitors to enjoy the beautiful natural environment of our vibrant, inclusive region. Across the Deal activity we will embed opportunities to contribute to the shift to a more sustainable approach as well as in those areas of particular opportunity identified under our green growth theme.
- Building on the Heads of Terms, signed on 1 July 2019, this Agreement sets out an investment programme focused on the four strategic themes of improving places; enabling infrastructure; encouraging green growth; and supporting innovation, business and skills.
- This Deal Agreement is the statement of commitment by all parties to supporting and delivering the Borderlands Inclusive Growth Deal and it is underpinned by a suite of detailed documents.

## Covid-19 impact

The Heads of Terms for the Borderlands Inclusive Growth Deal were signed in July 2019, long before the outbreak of Covid-19. The pandemic has had a profound and unprecedented impact and has inevitably changed the circumstances in which the Borderlands Inclusive Growth Deal will be delivered.

The consequences of Covid-19 continue to change, and we will keep this under review throughout the delivery of the Deal. Evidence to date only increases the importance of the Deal, ensuring the Borderlands region can continue to grow and prosper in the medium to long term. Our strategic approach remains, and the impact of Covid-19 has served to highlight the importance of the Deal and particularly the focus on improved digital connectivity, as even more essential. It has further emphasised the importance of being able to adapt and make the most of new opportunities.

Despite the challenges, experience during Covid-19 has pointed to new opportunities for the Borderlands to capitalise on, such as resurgent interest in local tourism and greater demand for remote working where the infrastructure can support it as well as continued focus on green growth.

We are fully committed to delivering the Deal and ensuring its economic and sustainable growth impacts are maximised. Our established partnership structure allows us to respond quickly and effectively to changes, with ready-made governance and delivery arrangements.

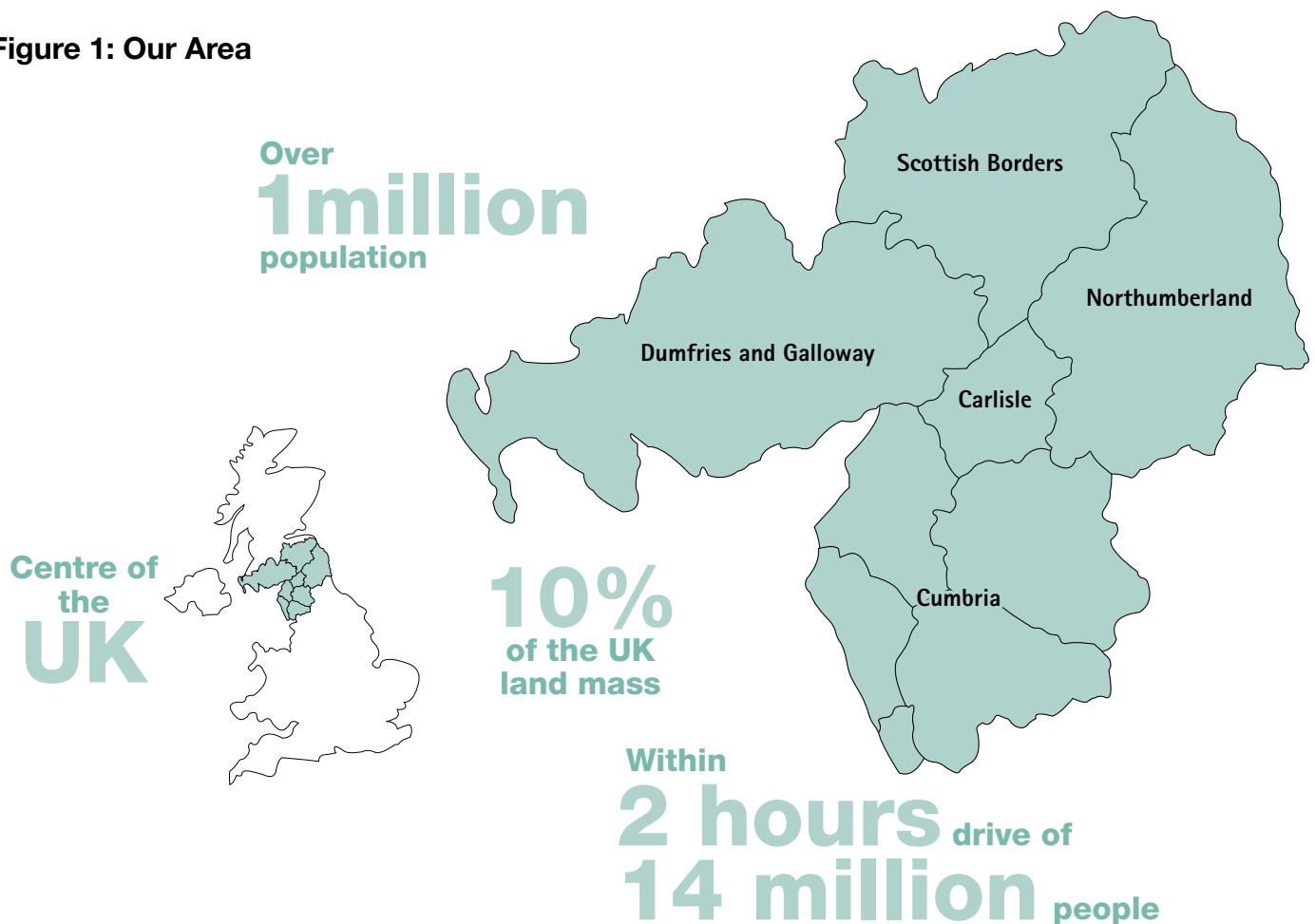
As we sign the Full Deal, the future development of the pandemic, and government responses to it, remain unknown. All projects and programmes delivered through this Deal will be required to take account of Covid-19 when developing their business cases, ensuring all investments remain relevant and sustainable.

# 1. Introduction

## 1.1 Context

1.1.1 The Borderlands region is strategically located at the geographic heart of the UK with a population in excess of 1 million people, covering 10% of the UK land mass and contributing approximately £5 billion per year to the Scottish Economy and £22 billion per year to the UK economy. At a time of great economic uncertainty, this place with its green credentials has significant potential to make a positive impact on the national economy.

Figure 1: Our Area



1.1.2 The Borderlands Partnership signed a Heads of Terms agreement with the UK and Scottish Governments on Monday 1st July 2019. The Heads of Terms demonstrated the commitment to a unique, single, cross-border approach. This recognises the importance of, and potential from, a common approach to the opportunities and challenges of the largely rural nature of the area. This Deal builds on the Heads of Terms agreement to set out more detail on how we will deliver our shared ambition for inclusive growth.

### Borderlands Partnership Shared Ambition:

We have a shared ambition for the Borderlands to reach its potential for everyone, delivering green growth and attracting new businesses and investment. We will improve our connectivity, deliver skills and innovation, and improve our places to support their longer-term resilience. We will attract new residents and welcome more visitors to enjoy the beautiful natural environment of our vibrant, inclusive region.

- 1.1.3 The Borderlands economy draws great value from the region's high-quality environment and unique places, supporting diverse activities including agriculture, manufacturing and tourism. The region has unrivalled natural capital and is strategically positioned between the economic opportunity areas of Scotland's Central Belt and the major urban areas of the Northern Powerhouse. Its sheer scale and rurality require a balanced investment approach to deliver real impact and lasting change for the benefit of its people.
- 1.1.4 Despite the attractiveness of the Borderlands region, there has been a declining working age population, lower than average levels of productivity and a relatively high degree of inequality. The Borderlands Partnership has developed a strategy-led programme of investment to address these challenges and make the most of the local assets and potential. The investment committed by the UK and Scottish Governments alongside local partners will act as a catalyst and accelerator for delivery of the shared ambition.
- 1.1.5 The impact of Covid-19 has reinforced the need for investment through this Deal with town centres, small businesses and the tourism sector particularly badly impacted. Largely rural, with attractive settlements, strong connectivity and proximity to major English and Scottish conurbations, the Borderlands is well placed to respond to support green recovery and growth. The response to the crises and behavioural changes such as increased home working and awareness of the environment lay new foundations for Borderlands to build a more resilient and robust regional economy.

## 1.2 Impact of the Deal

- 1.2.1 Our programme of investment will deliver significant economic benefit for our communities and businesses. Over the programme lifetime and a further 10 years to capture the benefits, it is estimated that the Borderlands Inclusive Growth Deal will:
- ❖ Benefit 1.1 million residents.
  - ❖ Deliver an additional 5,500 job opportunities.
  - ❖ Attract more than four million extra tourists to the area.
  - ❖ Improve mobile and digital connections.
  - ❖ Unlock investment in towns across the area.
  - ❖ Generate around £1.1 billion in GVA for the Borderland's economy.
- 1.2.2 The Deal will put in place long term infrastructure for the region to grow and attract new residents and visitors alike. Our investment in repurposing places for the 21st Century, alongside projects to support business, encourage innovation and grow the skills of our workforce will lead to significant economic growth.
- 1.2.3 In delivering the benefits, this multi-million-pound investment programme will tackle the three principal socio-economic challenges facing the region.
- 1.2.4 **Narrowing the productivity gap** - although the Borderlands economy contributes £22 billion in GVA to the UK economy and £5 billion to the Scottish economy each year, the productivity gap with the UK is growing and GVA per head is now 31% lower in the Borderlands region than the UK average. The Borderlands Inclusive Growth Deal aims to reduce the productivity gap.
- 1.2.5 **Increasing the working age population** - since 2011, the area has experienced a 4% fall in its working age population. The result being that there are nearly 30,000 fewer people in our potential workforce, against a backdrop of a growing UK working age population. Projections suggest a further 4% fall up to 2039, during that time England and Scotland are forecast to see population growth of 8%. The Borderlands Inclusive Growth Deal investment will support efforts to grow the working age population through the creation of high value jobs and enhancing the vibrancy of our places.
- 1.2.6 **Delivering inclusive growth** - the extensive rural geography makes it challenging to deliver inclusive change with many people and communities affected by rural isolation due to a lack of, or poor, access to services and opportunities, including for example, a lack of access to digital services, job opportunities and/or education. We will link opportunity and need in a meaningful way, to secure the benefits for all our communities, treating inclusive growth on a par with economic growth aspirations. Supporting inclusive growth draws in a wide range of actors. The Borderlands Inclusive Growth Deal will contribute to this by addressing three key inclusive growth challenges:
- ❖ **Digital exclusion:** the risk of digital exclusion in the Borderlands is high: nearly 40% of households cannot access 4G mobile data, 14% of adults have not been online within the last three months and 25% of adults do not have basic digital skills. This will particularly benefit disadvantaged groups such as disabled people and people in deprivation as well as the wider rural communities.



- ❖ **Earnings gap and access to quality jobs:** earnings in the Borderlands are among the lowest in the UK. Precarious and seasonal employment sectors such as caring, leisure and other service occupations are prevalent in the Borderlands. Only 20% of Borderlands jobs are considered high wage. Below average Gross Disposable Household Income is affecting the vitality of our communities.
- ❖ **Access to education:** high level skills are under-represented in the Borderlands and the area is a recognised cold spot for access to higher education. Rural learners and businesses face particular barriers accessing further education and higher education provision, which can limit life chances and competitiveness. Travel (both cost and availability) and digital barriers are standing in the way of upskilling our communities and many of the young people who leave the Borderlands to study do not return.

- 1.2.7 The Deal is focused on unlocking local economic benefits that will contribute to boosting national productivity and achieving inclusive growth. This approach is aligned with the UK Government's strategy which aims to create an economy that boosts productivity. The Deal also recognises the ambitions of Scotland's Economic Strategy and the four priorities of sustainable growth in Scotland which has the purpose of boosting competitiveness and tackling inequalities. The Borderlands Partnership recognises the importance of ensuring that inclusive growth ambitions are embedded in the investment programme, similarly our area draws great value from our natural environment and the Deal will support efforts to enhance this and embed principles of sustainability across our Deal. This commitment will be reflected in the Benefits Realisation Plan.
- 1.2.8 The table below highlights the relationship between each project in the Deal and the respective objectives of the 2017 UK Industrial Strategy and the Scottish Government's Economic Strategy. The relationship to UK Government and Scottish Government policy will be kept under review and further work will be undertaken by the Programme Management Office to demonstrate how the Borderlands projects continue contribute to these.

Project		SCOTLAND'S ECONOMIC STRATEGY				UK'S INDUSTRIAL STRATEGY				
		Increasing Competitiveness				Five Foundations of Productivity				
		Tackling Inequality				Ideas	People	Infrastructure	Business Environment	Places
		Investing in our people, infrastructure and assets	To foster a culture of innovation	To promote inclusive growth	Take advantage of international opportunities	The worlds innovative economy	Good jobs & greater earning power for all	A major upgrade to UK's infrastructure	The best places to start and grow a business	Prosperous communities throughout UK (Inc Local Industrial Strategies)
Enabling Infrastructure	Carlisle Station Gateway and Citadels									
	Digital Borderlands									
	Borders Railway Feasibility Study									
Improving Places	Destination Borderlands	Place Programme								
		Hadrian's Wall and wider Roman Frontier								
		See More Lake District								
		Destination Tweed								
		Stranraer Marina								
		Lillidorei, Alnwick Garden								
		7stanes								
		Star of Caledonia								
Supporting Business, Innovation and Skills	Mountain Bike Project									
	Business Infrastructure Programme									
	Rural Innovation and Skills									
Encouraging Green Growth	Chapelcross									
	Energy Investment									
	Natural Capital									

## 2. Our Approach

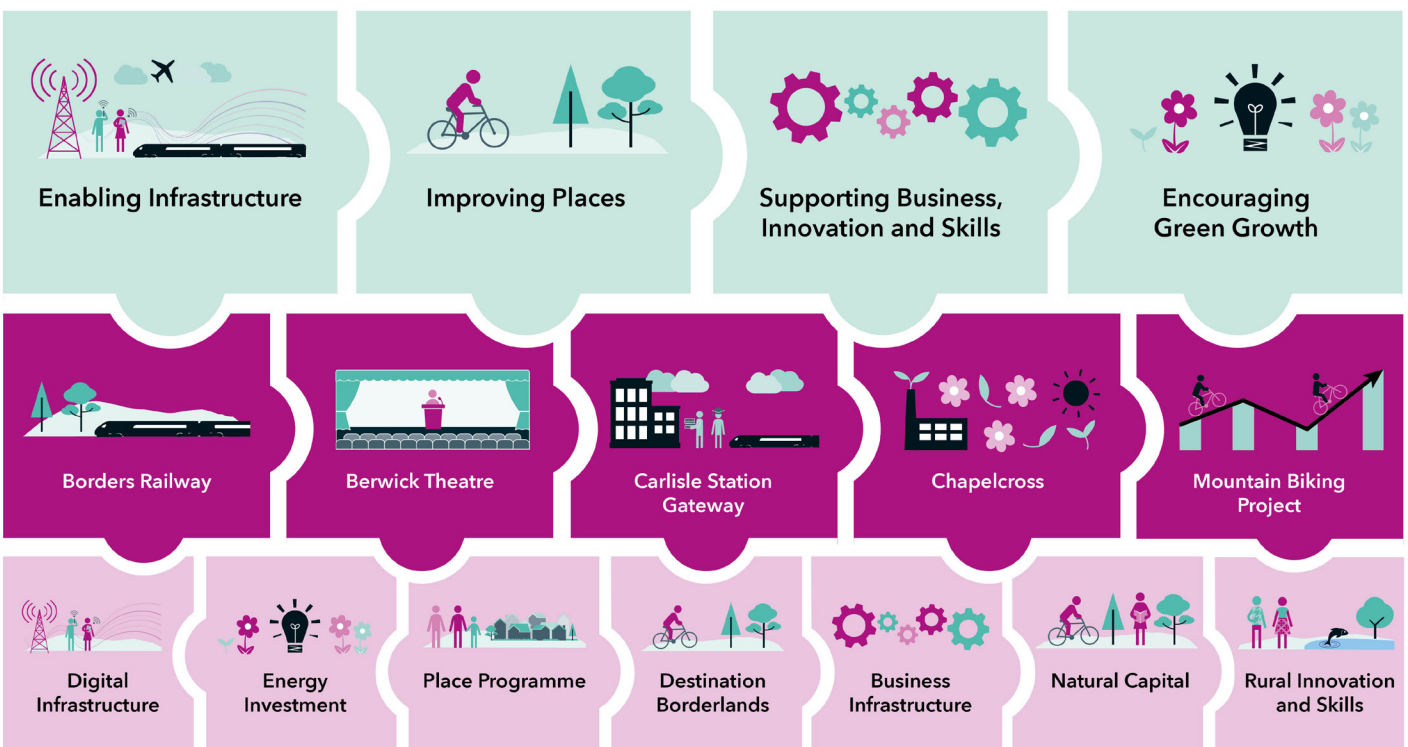
### 2.1 Strategic Approach

2.1.1 The Borderlands Inclusive Growth Deal has been developed as a cohesive and integrated investment package to ensure there is a balance between high profile place-based projects and Borderlands-wide investment programmes that respond to the rural nature of the region. This approach to the Deal provides a combination of strategic transformational projects together with a portfolio of investment programmes that allow for flexibility to be responsive to new or emerging opportunities.

2.1.2 The delivery of the shared ambition for the Deal is focused on a series of projects and programmes which collectively deliver against four, mutually reinforcing strategic investment themes. These themes sit at the heart of our approach for long-term growth and resilience across for the people, places, and communities of the Borderlands.

2.1.3 The strategy-led approach to the development of the Deal is reflected in the diagram below.

**Figure 2: Our Strategic Approach**



2.1.4 The strategic approach includes five high profile projects which anchor the Borderlands Inclusive Growth Deal. These projects have been developed to have a transformational impact on their locality as well as the wider regional economy and their strategic nature means they are cross-cutting in their impact and in many instances contribute to all four strategic themes. Equally important in this strategic approach are the Borderlands-wide investment programmes that are designed to ensure benefits can be realised across the whole of the Borderlands region.

## 2.2 Investment Themes

2.2.1 The projects and programmes within the Deal will be delivered within these agreed themes, each with inclusive and sustainable growth at their core and all contributing to the Deal's strategic ambition. The four strategic themes that provide the foundation for the Borderlands Inclusive Growth Deal are set out below:

2.2.2 **Enabling Infrastructure** - this aims to invest in the infrastructure needed to support improvements in connectivity, helping people to access the region and addressing perceptions of poor connectivity by:

- ❖ Improving Carlisle Station as the gateway to the Borderlands region, providing the enabling infrastructure for Carlisle to be the wider region's principal HS2 stop.
- ❖ Establishing a new campus for the University of Cumbria adjacent to Carlisle station and providing the higher education infrastructure to enable the university to fulfil its potential in supporting skills development, including digital skills, across Cumbria and the wider region.
- ❖ Achieving as close as possible to 100% coverage of digital and mobile infrastructure to enable businesses and residents to be connected in a digital world. This will include addressing gaps in provision not met by the Shared Rural Network programme and the roll-out of full fibre from the R100 programme and the UK's F20 programme.
- ❖ Progressing work (including feasibility) to assess the benefits and challenges of extending the Borders Railway, and lay the foundations for new and improved infrastructure to connect rural communities. The Scottish Government will progress the evidence base for this through the Strategic Transport Projects Review process underway through Transport Scotland. The UK Government Department for Transport will progress complementary work on these options with a wider UK perspective.

2.2.3 **Improving Places** - This aims to revitalise places across the Borderlands region to attract people to live, work and visit by:

- ❖ Bringing forward strategic projects that will transform the role and perception of places in the region.
- ❖ Investing in smaller market towns to reinvigorate and repurpose towns to support thriving and sustainable communities.
- ❖ Capitalising on our heritage, cultural and recreational assets to promote the region as a destination to visit and as a place to live and work.

2.2.4 **Supporting Business, Innovation and Skills** - this aims to stimulate business growth to create a more diverse regional economy, recognising that innovation and skills are central to achieving this by:

- ❖ Bringing forward business sites and premises to support rural business growth.
- ❖ Working with Napier University to develop a world class innovation facility in the Scottish Borders focused on mountain biking.
- ❖ Engaging with local educational institutions, including SRUC and University of Newcastle, to develop new and innovative approaches to land management, including dairy and forestry.

2.2.5 **Encouraging Green Growth** - this aims to capitalise on the green credentials of the Borderlands region and to facilitate decarbonisation and the creation of new high value jobs supporting low carbon energy generation and carbon reduction schemes by:

- ❖ Developing Chapelcross as the region's clean growth strategic investment site for low carbon energy generation and energy efficient businesses.
- ❖ Developing an energy masterplan to identify and then bring forward priority investments to support the transition to a low carbon economy and contribute to achieving the UK and Scottish Government targets for net zero by 2050/2045.
- ❖ Capitalising on the region's natural capital to be an exemplar for the UK in the development of new and innovative clean growth rural land management practices.

## 3. Enabling Infrastructure

Infrastructure is a significant challenge across the Borderlands region, and we recognise that this Deal cannot resolve this alone. The Deal therefore focuses on areas where we can make a meaningful difference. The Deal includes three infrastructure projects that are designed to improve connectivity and accessibility.

### 3.1 Carlisle Station Gateway and Citadels

3.1.1 The proposal will create a new high-profile gateway development for Carlisle centred around Carlisle's historic station and citadels. Carlisle is the only city and largest urban settlement in the Borderlands region and plays an important role as a business and population centre. £70 million of Borderlands funding, in addition to £24.65 million local contribution, is to be invested in two phases to support the growth of Carlisle, leading the way in unlocking the economic potential of the city.

3.1.2 The first phase will see £24 million of investment, with £20 million of UK Government funding, to revitalise the station with the project already underway. Phase 2 will invest up to £50 million of Borderlands funding from UK Government, subject to full business case approval, to create a new campus for the University of Cumbria reusing the iconic Citadels Grade 1 listed building. The new campus facilities will allow the university to expand its provision and ensure more young people in Cumbria progress into higher education as well as increasing access to, and delivery of, training and skills development for the workforce across Cumbria and the Borderlands region. The project will also include new cultural facilities that will help enhance vitality and vibrancy in central Carlisle as a destination and meeting place for residents and visitors.

### 3.2 Digital Infrastructure

3.2.1 Digitalisation is reshaping our regional economy, enabling the Borderlands to turn what has traditionally been a locational disadvantage into a competitive advantage. In order to connect people and place across the Borderlands, we need improved full fibre connectivity together with 4G mobile connectivity. As such, Digital Borderlands is a key investment area within our Deal as set out in the Borderlands Digital Infrastructure Strategy available [here](#) on the Borderlands website. Funding will be invested in mobile infrastructure to align with the Government's Shared Rural Network Programme. To support this activity UK Government is committing up to £16.2 million for digital infrastructure improvements in the South of Scotland and up to £16 million in the North of England, subject to full business case approval.

3.2.2 The Scottish Government's "Reaching 100" (R100) programme aims to deliver 100% superfast broadband across the country. In the South of Scotland<sup>1</sup>, BT has indicated that it will connect around 20,740 residential and commercial premises through the R100 contract to full fibre, gigabit capable connectivity. Any premises falling out with the reach of the R100 contracts, and any premises that fall out of commercial build plans, will be entitled to access a voucher scheme. To complement this on the English side of the border, up to £4 million of Borderlands funding is currently being invested to connect not-spot locations through a digital voucher 'top-up' scheme (Digital Borderlands Voucher Scheme) working alongside the national gigabit connectivity voucher programme to provide connections to over 2,000 premises in Cumbria and Northumberland.

### **3.3 Borders Railway**

3.3.1 Up to £10m of funding will be made available, £5m from UK Government (Department for Transport) and £5m from the Scottish Government, to develop a shared understanding of the benefits and challenges of options to extend the Edinburgh – Tweedbank Borders Railway to Carlisle. This will include the undertaking of feasibility work to further develop the business case for the reinstatement of the railway. The Scottish Government will progress the evidence base for this through the Strategic Transport Projects Review process underway through Transport Scotland. The UK Government Department for Transport will progress complementary work on these options with a wider UK perspective. The two governments will align their work, enabling a shared understanding of the cross border benefits and challenges of these options.

<sup>1</sup> For this programme South of Scotland also includes East Ayrshire, East Lothian, Midlothian South Ayrshire and South Lanarkshire

## 4. Improving Places

Our places matter. They are where we live and work and it is important that this Deal helps improve the economic performance of our towns. Increasing the working age population in the Borderlands region is dependent on the region's towns being able to attract and retain residents. To help achieve this, funding will be invested in projects and programmes which are designed to increase the vitality and sustainability of our towns and raise the profile of the Borderlands as a destination to visit and as a place to live and work.

### 4.1 Place Programme

4.1.1 Through the Borderlands Place Programme, we will target investment in places that will help boost economic activity across the region. Recognising the importance of our smaller rural market and coastal towns to the local economy, this programme will provide £50 million of funding across the Borderlands area with UK Government committing up to £30 million in Cumbria and Northumberland and Scottish Government £20 million in the South of Scotland to support the revitalisation of towns across the Borderlands region, subject to full business case approval. A series of Place Plans will be developed for the region's priority towns and town centres. Towns will only enter the Place Programme should their Place Plan contain projects eligible for Borderlands investment.

4.1.2 The ambitions of the Place Programme are for all town centres to be:

- ✦ Economically vibrant and resilient to change.
- ✦ Places where people of working age choose to live.
- ✦ Attractive for enterprise and business.
- ✦ Places that appeal to visitors as a destination.
- ✦ Recognised for their quality.

### 4.2 Destination Borderlands

4.2.1 Destination Borderlands projects will establish a national and international profile for the region leading to an increase in visitors, visitor expenditure and to extend the season to increase the number of year-round job. The projects focus on heritage, recreational and cultural assets to enhance the vital part that the tourism sector plays in the economy, helping to drive economic and inclusive growth for the benefit of local communities. The complementary projects capitalise on our natural capital and outdoor recreational assets to boost the quality of life offer for existing and future residents. There are eight projects across the Destination Borderlands theme.



#### 4.2.2 **Hadrian's Wall and the wider Roman Frontier**

Hadrian's Wall and the wider Roman Frontier World Heritage Site will benefit from up to £18 million investment from UK Government, subject to full business case approval, with a further £12 million from local partners. This will improve routes, infrastructure and visitor attractions along the length of the wall in order to attract new audiences and greater visitor spend.

#### 4.2.3 **See More Lake District Cycling**

This project will invest up to £6 million of UK Government funding, subject to full business case approval, to create an improved and more accessible cycle offer across the Lake District. This will attract additional visitors year on year to come and stay for longer. In addition to the economic benefits for the tourism sector this project also brings environmental and well-being benefits, through reducing tourism related carbon emissions.

#### 4.2.4 **Destination Tweed**

As part of a £20 million investment programme to develop a multi-user trail along the River Tweed, £10 million from Scottish Government and subject to full business case up to £1 million from UK Government will be invested. An additional £9 million of match funding will be provided locally to create a major visitor experience for the Borderlands.

#### 4.2.5 **Stranraer Marina**

This project will invest £18 million, with £16 million from Scottish Government and £2 million from Dumfries and Galloway Council, subject to full business case approval, to repurpose Stranraer and Loch Ryan as a vibrant, distinctive marine leisure destination. An expanded marina will create new jobs and draw in new visitors.

#### 4.2.6 **Lillidorei, Alnwick Garden**

The £15 million development of the Lillidorei play village, including an approved £5 million from the UK Government, will transform The Alnwick Garden and the wider area into a multi-day, all-year visitor destination. This will significantly boost the local economy around Alnwick and north Northumberland. It is due to be opened in Spring 2023.

#### 4.2.7 **7stanes**

£5 million will be invested from Scottish Government into the 7stanes mountain bike centres to improve their facilities and trails at a number of sites. By strengthening the quality of the 7stanes offer for visitors, particularly in the less developed local economies, we will enhance the area for existing and potential residents, investors and visitors.

#### 4.2.8 **Star of Caledonia**

The Star of Caledonia aims to stimulate economic growth by attracting additional visitors to the region and acting as landmark sculpture at Gretna. As part of this £7 million investment, up to £1.5 million of UK Government money will be invested subject to full business case approval by 2022, alongside private sector investment. The design will prove a powerful catalyst for regeneration as part of a wider cultural and tourism vision.

### 4.3 Berwick Theatre

- 4.3.1 The new Maltings Venue will be an iconic, multi-purpose cultural and entertainment complex, transforming the appeal of Berwick-upon-Tweed as an attractive, high quality visitor destination. Up to £15 million of Borderlands funding, subject to full business case approval, will be invested from the UK Government together with £2.5 million from Northumberland County Council and £0.2 million from Arts Council England, to create a new major attractor to Berwick.
- 4.3.2 The uplift in scale and configuration of the existing facilities will create a high-quality attraction that will be a major draw, delivering a step change in audience numbers and making a significant contribution to increasing visitors to Berwick-upon-Tweed. A larger auditorium will attract larger touring productions and higher profile headline live performances; with a dedicated, authentic cinema also part of the offer. The new environment will be highly accessible throughout, benefitting visitors and performers alike.

## 5. Supporting Business, Innovation & Skills

We have many diverse businesses that are the lifeblood of our economy. Creating the conditions for businesses to thrive is necessary for delivering against our objectives of increasing business productivity, increasing the working age population and delivering inclusive growth. Borderlands funding will be focused on a number of complementary projects and programmes to enable innovation, business growth and skills development.

### 5.1 Mountain Biking Project

5.1.1 The project will invest £19 million from the UK Government and £18 million from local partners, subject to full business case approval, to create the world's first Mountain Bike Innovation Centre (MTBIC) integrated with a world-class Adventure Bike Park and Trail Lab in Innerleithen (one of the 7Stanes). The Innovation Centre will transform the current supply chain, supporting local and international companies by addressing capability gaps, driving innovation growth, and supporting development of sustainable carbon neutral products and processes. Together the project supports the industry's demand for research and development and delivers local high value jobs. The bike park will provide a national and international visitor attraction and provide significant employment opportunities for the local and regional economy.

### 5.2 Business Infrastructure

5.2.1 In the South of Scotland £13.4 million will be invested, including £8 million from Scottish Government, in the development of premises to support business growth. Currently, the region's economic potential is constrained by market failure caused by a combination of remote locations and poor infrastructure, low rental values, a lack of supply of modern business premises, and the increasing obsolescence of existing stock. This investment will fund:

- ❖ The building of new business units at Coldstream in the Scottish Borders.
- ❖ The acquisition and servicing of land for business use at Hawick in the Scottish Borders.
- ❖ Site servicing at Annan in Dumfries and Galloway.
- ❖ Site servicing and initial build-out of business space at Castle Douglas.
- ❖ Site servicing and initial build-out of business space at Newton Stewart in Dumfries and Galloway.

5.2.2 Sites in the North of England will be brought forward in future years of the Deal where they help to unlock business growth and innovation, with a focus on supporting rural sites and premises and aligning with the Local Enterprise Partnership strategies. The first of these is in Wooler, Northumberland.

#### 5.2.3 Ad Gefrin Visitor Experience and Distillery

This project will see a brownfield site brought back into productive economic use for a new whisky distillery and visitor attraction telling the story of Northumbria's golden past through its former king Edwin and royal palace, Ad Gefrin. The £3 million investment from UK Government will create a major new, high value, business opportunity that will accelerate growth and boost productivity in an important part of north Northumberland's rural economy.

### 5.3 Rural Innovation and Skills

- 5.3.1 This investment programme will include a focus on the key rural land-based industries of agriculture and forestry to support innovation and adaptation of the land-based sectors to grow and to boost their contribution to the UK productivity. Borderlands funding will be focused on a number of complementary projects to enable innovation, business growth and skills development and maximise the impact of the interventions included in the Borderlands Deal.
- 5.3.2 The first project to be brought forward in this investment programme will be Dairy Nexus. £8 million of Borderlands funding, including £4 million from UK Government and £4 million from Scottish Government will be invested, subject to full business case approval, to create a state-of-the-art centre for education and innovation at the Scotland's Rural College (SRUC). The Dairy Nexus project will drive transformational research and innovation to decarbonise the dairy sector and move it towards a circular bioeconomy. In doing so, Dairy Nexus will deliver significant and inclusive regional growth to underpin the rural communities that are so important to the Borderlands economy and its regional identity.
- 5.3.3 Future projects in this investment area are in the development stages, including a South of Scotland Learning Network and a Forestry Innovation Zone. It is anticipated that these projects will include a focus on skills development to the rural economy and/or facilitate innovation in order to boost rural productivity. The Forestry Innovation Centre will become a significant asset for the important forestry sector in the Borderlands ensuring it remains ready for future opportunities and is a driver of growth.
- 5.3.4 The deal will seek to build on the established South of Scotland Learning Network utilising £7 million of Scottish Government funding to maximizing the impact of Borderlands Investment by responding to the identified future skills and knowledge exchange needs of Borderlands projects and programmes. This approach will future proof the Deal by ensuring that there is a talent pipeline to facilitate productivity growth, grow the working age population through the attraction and retention of talent, and secure inclusive growth by aligning need and opportunity.

## 6. Encouraging Green Growth

The Borderlands area is committed becoming a carbon neutral region, contributing to the UK's net zero targets. Our whole system approach to investing in low carbon energy, coupled with our plans to maximise the benefit from our outstanding natural resources will lead to a vibrant economy driven by clean energy. This will be embedded across our whole Deal but in response to particular opportunities we will also invest in a series of distinct activities.

### 6.1 Chapelcross

6.1.1 The former nuclear power station at Chapelcross, near Annan in Dumfries and Galloway, will be redeveloped as a strategic employment site. The 210-hectare site offers a unique opportunity for the development of a high-quality green energy-focussed regional employment centre, acting as a transformational project within the region and making a significant contribution to meeting the UK's net zero targets. £20.8 million will be invested in highway access improvements and site servicing. £7.5 million will come from Scottish Government, £7.8 million from UK Government and £5.5 million from Dumfries and Galloway Council, subject to full business case approval. The Nuclear Decommissioning Authority will work closely with the Borderlands councils and other partners to support the initiative. In particular, it will continue to welcome bids for funding from them related to redeveloping the land around Chapelcross.

### 6.2 Energy Investment

6.2.1 With up to £31 million committed by UK Government, this investment programme worth £14 million in Scotland and £17 million in England, is a critical part of the Deal and to supporting the green growth strategic theme. To inform this investment programme, £1.1 million is already being invested in the development of an overarching Borderlands Energy Masterplan.

6.2.2 A successfully managed and delivered Energy Masterplan, with priorities that complement the UK and Scottish Governments' policies for clean growth and net zero targets, will set the framework for investment of up to £30 million in demonstrator, community and commercial energy projects. The investment will be delivered as a programme with the final governance structure along with appropriate risk management processes to be agreed with UK and Scottish Governments as the delivery business case is developed. Projects brought forward for investment will require a full business case which will be approved through the agreed governance processes (including BEIS on behalf of UK Government) as set out in the final Programme Business Case.

### 6.3 Natural Capital

6.3.1 This project underpins the development of the rural economy and supports clean growth. The UK and Scottish Governments will jointly fund up to £5 million in Scotland and the Department for Environment, Food and Rural Affairs will contribute up to £5 million in England, subject to full business case approval, to develop trials and sector strategies to capture the benefits of the region's natural capital.

- 6.3.2 The £5 million for the Borderlands Natural Capital Innovation Zone in the South of Scotland comprises £2.5 million in capital, which is to come from the UK Government, and £2.5 million in revenue, which is to come from the Scottish Government. There are five pilot projects proposed in the South of Scotland to be funded by these capital and revenue allocations:
- ✦ An Agri-Environment: Embedding Agricultural Resilience for a Productive Future Farmers, Landowners and Species-rich Grassland (led by Scottish Borders) and Whole Farm Audits and Natural Capital Advisory (led by Dumfries and Galloway).
  - ✦ Woodland pilot: Integrated Land Use and Woodland Creation.
  - ✦ Marine pilot: A Sustainable Solway Economy.
  - ✦ Investment pilot: Borderlands Natural Capital Investment Plan.
  - ✦ Data pilot: Natural Capital Data Audit and Mapping.
- 6.3.3 In England the approach will build on the Local Nature Recovery Strategy (LNRS) pilots which are currently being trialed in both Cumbria and Northumberland as part of a national scheme. These pilots seek to test how to produce an LNRS before their preparation is mandated across the country by the Environment Bill. The pilots will propose what action should be taken and where to support nature's recovery and deliver wider environmental benefits, such as managing habitats to reduce flood risk. This will improve the quality of habitats for wildlife and bring benefits to local communities as well.
- 6.3.4 The emerging projects on both sides of the border will apply the same natural capital approach and as such will work together in sharing best practice and learning as well as exploring the scope to increase the scale of these trials to wider areas as appropriate.

## 7. Delivering the Deal

The Borderlands Inclusive Growth is a strategic programme of investment. The UK and Scottish Governments and local partners are embarking on a new and strategic relationship that creates a lasting infrastructure that will transform the region in the long term. Local partners have put in place the governance and mechanisms to enable delivery of the investment whilst recognising the need for flexibility to be able to adapt to changes and to respond to new opportunities over the life of the Deal.

### 7.1 Financial Summary

7.1.1 The investment programmes are built around the four themes and includes our key strategic projects and investment programmes. The initial financial summary of the Deal is outlined in Table 1 below. The project investment is subject to the full business case approvals for each project by the Partnership Board and UK and/or Scottish Government. Business case information must satisfy the relevant government(s) that the proposed activities are feasible, sustainable, value for money and will deliver suitable returns on investment. The governments must also be satisfied that the business cases meet HM Government's subsidy control. The Deal Agreement does not form a legally binding contract.

Investment Theme	Project / Programme	UK Government Contribution £million	Scottish Government Contribution £million	Local Partner Contribution £million
Enabling infrastructure	Carlisle Station Gateway & Citadels	70.00		24.65
	Digital Infrastructure	32.20		
	Borders Railway	5.00	5.00	
Improving places	Berwick Theatre	15.00		2.70
	Place Programme	30.00	20.00	
	Destination projects	31.50	31.00	38.95
Supporting business, innovation and skills	Mountain Bike Innovation Centre	19.00		18.00
	Business Infrastructure	16.00	19.00	12.76
	Rural Skills and Innovation			
Encouraging green growth	Chapelcross	7.80	7.50	5.50
	Energy Investment	31.00		
	Natural Capital	7.50	2.50	
<b>Total</b>		<b>265.00</b>	<b>85.00</b>	<b>102.56</b>

Note: the long-term funding profile of capital projects is difficult to estimate, and local partners will work with both governments to keep them updated of profile changes on a regular basis and to ensure any changes to profiles are affordable to both governments.

7.1.2 Up to £30 million of advanced funding has been released, for projects which have achieved full business case sign off. These projects are Ad Gefrin Visitor Experience and Distillery; Lilidorei at The Alnwick Garden and the first phase of Carlisle Station Gateway. Funding has also been granted for the development of the Borderlands Energy Masterplan and for the Digital Borderlands Voucher Scheme. The table sets out the stage of each of the Deal projects at Deal signing.

Project Approved/ Full Business Case submitted	Outline Business Case developed	Strategic Outline Business Case developed	Strategic Proposition/ pre-Strategic Outline Business Case stage
Lilidorei - Alnwick Garden	Berwick Theatre	See More Lake	Energy Investment
Digital Borderlands Voucher Scheme	Business Infrastructure (Scotland)	District Cycling	Natural Capital
Energy Masterplan	Place Programme	7stanes	Forestry Innovation Centre
Carlisle Station Gateway and Citadels (Phase 1)	Dairy Nexus	Destination Tweed	South of Scotland Learning Network
Ad Gefrin Visitor Experience and distillery	Stranraer Marina	Chapelcross	Business Infrastructure (England)
	Mountain Bike Project	Hadrian's Wall	Borders Rail Feasibility Study
		Digital Infrastructure	Star of Caledonia
		Carlisle Station Gateway and Citadels (Phase 2)	

## 7.2 Inclusive Growth Impact Assessments

7.2.1 The Deal is premised on increasing opportunities for people in Borderlands, especially those furthest from employment and training. To ensure that we improve equality of outcomes and advance equality of opportunity each project will establish equality outcomes, conduct Inclusive Growth assessments and monitor their progress against key Inclusive Growth deliverables.

## 7.3 Governance

7.3.1 **Governance Plan** - The five councils in the Borderlands Partnership have signed a legally binding Collaboration Agreement which forms the basis of our governance plan, setting out the arrangements for the oversight and delivery for the Deal, to ensure that a robust governance framework is in place.

7.3.2 **Partnership Board** - The Partnership Board is the ultimate governing authority for the Deal. The remit of the Partnership Board is to provide strategic direction and exercise high level oversight and overall control, serving as the forum for joint decision-making at the highest level within the governance framework as set by the Collaboration Agreement. The Board is supported by Chief Executives, Chief Economic Officers and Finance Officers from the partner authorities.



- 7.3.3 **Local partners** - The Borderlands Inclusive Growth Deal recognises the importance of engaging with key local and national partners during delivery of the Deal. We are working closely with key partner organisations including the Cumbria and North East LEPs, South of Scotland Enterprise and Skills Development Scotland.
- 7.3.4 **Economic Forum** - The Borderlands Economic Forum is an important part of our Deal. The remit of the Economic Forum is to provide an opportunity for wider stakeholders - with a particular focus on the economic development agencies and the business community (including social enterprises) – to contribute towards maximising the impact of the Growth Deal in stimulating inclusive economic growth within the area served by the Growth Deal.
- 7.3.5 **Borderlands PMO** - The Borderlands Project Management Office is funded by the Borderlands Partnership and will ensure robust programme management measures are in place at all stages. It will lead on the finalisation of the Deal and then its delivery. An experienced team is in place to oversee the development, delivery and effective day to day management of the Deal. The team will procure specialist appraisal support where necessary to support its work.
- 7.3.6 **Accountable Bodies** - Dumfries and Galloway Council has the role of accountable body as regards both the Scottish Government funding for the Growth Deal and that part of the UK Government funding which relates to Growth Deal Projects physically located in Scotland. Northumberland County Council has the role of accountable body as regards that part of the UK Government funding which relates to Growth Deal projects physically located in England. The accountable bodies will enter into the financial legal agreements with the UK and Scottish Government in respect of the Growth Deal.

## 8. Monitoring and Evaluation

### 8.1 Performance monitoring

- 8.1.1 To assess progress against the milestones set out in the projects' approved business cases, the Borderlands Programme Management Office (PMO) will produce quarterly risk and performance monitoring reports outlining their performance against the milestones highlighted in the Implementation Plan, in addition in to the financial performance to date. Where risks are identified, change recommendations will be made.
- 8.1.2 An overall programme management risk and performance monitoring report will be reviewed by the Partnership Board every quarter. There will be an annual report carried out for the Deal on progress which will form the basis for the Annual Conversation.

### 8.2 Benefits Realisation

- 8.2.1 The Borderlands PMO is working in collaboration with the Partners and project leads, and in consultation with both Governments, to develop a Deal Benefits Realisation plan. This is an important document for the Deal as it establishes the framework to monitor activities and progress towards securing outputs and outcomes.

### 8.3 Monitoring Framework

- 8.3.1 'The Deal monitoring and evaluation framework will incorporate indicators from the Scottish Government's inclusive growth outcomes framework published on the SCRIG website. Work has been commissioned to produce inclusive growth indicators for the English part of the region, to match what is already being produced in Scotland. This will provide an overall regional view as a baseline for measuring our inclusive growth outcomes of increased jobs, increased economic participation and better paid jobs. We have also commissioned work to show the regional level view to produce the economic baseline and sustainable growth baseline.
- 8.3.2 There will be a Post Implementation Review at the end of the Deal period, to review how the overall Deal outputs and outcomes have been achieved.