

Submitted to **Scotland's Economic Performance - The contribution of place-based economic development zones**

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## Introduction

## Background

### Place-based economic development initiatives and wider economic policy developments

## Your views matter

## Incentives

**1 Has your organisation/sector/locality benefited from any of the following incentives? If so, please detail the type and context of the relief (e.g. business located within an Enterprise Area or authorised by HMRC for customs relief) and evidence of the impact this lever has had on your organisation/sector/locality:**

**Please enter your answer below.:**

No.

As a Regional Transport Partnership, SEStran is a statutory body. The SEStran region (covering the council areas of City of Edinburgh, Clackmannanshire, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian) is home to a wide variety of businesses and business sectors and includes a number of enterprise investment areas and assisted areas.

SEStran's interest in place based economic initiatives, (and incentives) is in ensuring that their development is clearly aligned to the strategic plans for land use, and to the Regional Transport Strategy, and aims for a more sustainable transport network (including freight movement).

This response is an officer based response to the consultation questions.

The Regional Transport Strategy has four main aims. A new RTS is currently being developed. A Main Issues Report study produced in advance of this work illustrates the strong link between the siting of economic development / employment opportunities and implications for access and transport.

**1.a Which of the incentives mentioned in question 1 do you think is the most effective and best value in creating employment, fair work, and advancing innovation and productivity? Please provide evidence of the impact these incentives could have on you.**

**Please provide evidence below (if applicable).:**

This would depend on the nature, scale and sector of industry or business.

## Incentives in wider geographical area

**2 Has your business/sector/locality benefited from any of the following incentives based in wider geographical areas? If so, please detail the type and context of the relief, and evidence of the impact this lever has had on your organisation/sector/locality:**

**Please enter your response below.:**

Across the SEStran region, Councils and industry have benefitted from a range of transport infrastructure investment from Transport Scotland, across rail, light rail, roads and bridges, public transport and active travel infrastructure and waterways development, focussed mainly on improving mobility for people – this all supports economic activity and increases access to employment opportunities across a range of skills levels. Funding and infrastructure investment that supports industrial cluster developments around the Forth is particularly important in expanding and increasing employment centres within the region; the aim of these is to support sustainable growth.

**2.a Which of the incentives mentioned in question 2 do you think is the most effective and best value in creating employment, fair work and advancing innovation and productivity? Please provide evidence of the impact these incentives could have on you.**

**Please provide evidence below (if applicable).:**

SEStran can't provide evidence for the effectiveness of all these different incentivisation schemes.

However, SEStran's recently produced Main Issues Report highlights that across the region there is a disparity in transport access to centres of employment and provides compelling evidence for the link between areas of poverty, low levels of economic activity / employment opportunity, and transport poverty. There is a need to increase transport accessibility across the region, and funding support for infrastructure and regeneration is the most effective way to help create access to employment

Spatially designated areas, or place based economic development, can identify appropriate opportunities to spreading out centres of employment – in the interest of inclusive and sustainable economic growth.

## Additional tools

**3 The Scottish Government is considering whether to extend, expand or enhance any existing economic development zones (such as the network of Enterprise Areas, Regional Growth Deals, etc) or potentially create new such zones – including around the Freeport model. Additional tools (reserved or devolved), such as the following, could potentially build on these initiatives:**

**Please provide evidence below.:**

As a statutory regional transport body, SEStran does not undertake detailed assessment of the effectiveness of various regulatory tools in promoting economic growth.

However, it is clear that any regulatory incentives for significant scale development must not be at the expense of carrying out early involvement and consultation with the relevant statutory Regional Transport Partnership(s), and carrying out both detailed and strategic transport appraisal, to ensure that the impacts on the transport network are managed, and support net zero targets.

Transport considerations are vital and need to progressed from the outset of any place based economic developments, in order to achieve fair, accessible and sustainable economic activity. Masterplanning and strategic land use planning processes in particular need to ensure there is strategic transport input throughout the process, from early concept stage onwards.

### **Incentives in the wider context**

**4 Which incentives or categories of incentives included in questions 1 to 3, or others not listed here , would have the most significant impact on your organisation / sector / locality? Please provide details of the impact and be as specific as you can in terms of value / jobs etc.**

**Please enter your answer below.:**

The SEStran region is very diverse –no single incentive listed would apply across the board.

However, at a more localised level, in relation to the development of new industry and jobs around Grangemouth and Falkirk, it may be that more direct engagement with regulators could help deliver faster establishment of new industry and this would involve some import, export and warehousing activities. There may be several ways of achieving the aims of transitioning to sustainable industry growth, and job creation without tax elements. No incentives or 'relaxed' regulation should be at the expense of the aims around fair access to employment, net zero carbon and other national priorities.

Again, the introduction of additional freight related and access related transport activity must be developed within the context of the regional transport strategy. Further; in April 2020, SEStran and Forth Ports commissioned Aecom to produce a Forth Freight Study. The Case for Change report should be available in late January. A number of issues and opportunities were identified within the study, which provides important context for any discussion on place based enterprise development within the SEStran region.

Issues aligned to freight identified in the region:

- Road freight contributing to poor air quality, carbon emissions, road safety issues and congestion
- Congestion disrupting the supply chain in the region
- Road freight contributing to uneven road surfaces
- Empty vehicle running
- Lack of network resilience
- Lack of adequate lorry parking facilities.

Opportunities identified included:

- Interregional goods movements (between Scottish regions)
- Consolidation of loads
- Reintroduction of rail heads and extend tracks (e.g. at sea ports for purposes of freight transfer to rail as a sustainable mode)

**5 How would we best ensure that the Scottish Government's economic agenda of fair work, high productivity and innovation, and making a just transition to a net zero, wellbeing economy is supported by these economic incentives and support?**

**Please enter your response below.:**

Recognising the interrelationship between place based economic models for growth, land planning decisions and the statutory Regional Transport Strategies is essential in order to achieve fair and sustainable economic growth that does not have a negative impact on carbon emissions in an area, or on communities sited near significant growth opportunities.

It is vital to deliver sustainable transport access and freight requirements in the planning and development of successful place-based economic development zones. (Areas like the BioQuarter Life Sciences Enterprise area show the importance of developing suitable appropriate locations and the need for sustainable transport infrastructure).

**6 What investment timescales and/or other milestones important for your organisation, sector or locality should the Scottish Government be aware of when considering potential new or enhanced, spatially-designated enterprise models in Scotland?**

**Please enter your response below.:**

The Scottish Government will already be well aware of the 20 year horizon (to 2040) for the National Transport Strategy (NTS2), and for the Second Strategic Transport Projects Review (STPR2) investments, as for the Fourth National Planning Framework (NPF4).

Place based development models should also take account of the applicable Regional Transport Strategy. SEStran's new Regional Transport Strategy is in the very early stages of development but is more likely to deliver a ten year strategy within the context of a longer (20 year) vision.

The immediate challenges of Covid-19 recovery may be short to medium term, Joint work across statutory bodies at all levels, to encourage more use of sustainable and public transport, will have an impact on the levels of access around spatial growth areas.

**7 What are the main lessons to be learned from Enterprise Areas and other spatially-designated enterprise models, including freeports, that might apply to the future operation of similar initiatives in Scotland? How do you think the 'offer' could be improved in Scotland? What new features would you suggest, and why?**

**Please enter your response below.:**

The need for careful integration between these zones and their immediate surrounding areas is key. Similarly, the transport 'enablers' (freight consolidation / transfer centres, resilience infrastructure, sustainable, available, affordable and sustainable access for employees) must be planned and developed in a way that supports the integration of these zones into the wider region to ensure people can benefit from new opportunities.

Single industry development areas tend to create opportunities for a narrower range of skills levels and profiles. Multi – industry development zones may achieve integration with surrounding areas by offering a wider range of employment opportunity.

## **Freeports**

**8 The UK Government's model of freeports involves a number of the above incentives. What impact could a model like this in Scotland have on sustainable, inclusive economic growth - in particular, on job creation, fair work and our transition towards a net zero economy?**

**Please enter your response below.:**

It is understood that the nature of freeports and their impacts are complex, and they can be of benefit for some forms of enterprise, but not all. Impacts may include:-

- unequal distribution of opportunities for businesses and employers (geographically, sector-wise or by type of business); e.g. creating a two tier system where those that can't benefit from the freeport incentivisation grow at a slower rate / pay higher tax / are less resilient.
- increases in freight related movement or additional challenges in transport access to the freeport area including congestion can have a range of wider impacts on communities or transport networks.
- secondary impacts from congestion on the reliability and resilience around goods movement which could affect productivity and job retention for business of all sizes.

It is fully expected that any introduction of these policies or zones will involve a full and detailed strategic transport appraisal (and equalities impact and strategic environmental assessments). It is important to identify, and minimise any negative economic, environmental or impacts that may come from introducing a freeport, and to harness all potential opportunities to shift to more sustainable movement of goods and good access / mobility for people, employees, etc.

**9 What would be the impact on your organisation/sector/region if a competitor location were designated as a freeport / if a competitor business established a premises within a freeport (e.g. with tax reliefs and other incentives) within 100 miles of your operation? Or elsewhere in the UK/Scotland?**

**Please enter the response below.:**

There would likely be a change to inter regional transport movements and that would need to be assessed and understood.

There may be a net loss of job openings around the freeport location if industry or enterprise were to follow the opportunities of a free port.

Additional measures would possibly be required, to sustain growth around other existing ports and remove any potential dis-benefits reduce displacement, (e.g. additional benefits in existing enterprise zones or other ports) as well as enhancement that could also help to deliver more efficient and sustainable (carbon reducing) freight movements.

**10 Has your organisation/sector/region been or interacted with freeports that existed in the UK until 2012? What lessons could be learned to apply to potential new freeports in Scotland?**

**Please enter your response below.:**

No

## **About you**

**What is your name?**

**Name:**

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**Are you responding as an individual or an organisation?**

Organisation

**What is your organisation?**

**Organisation:**

SEStran - South East of Scotland Transport Partnership

**The Scottish Government would like your permission to publish your survey response. Please indicate your publishing preference:**

Publish response with name

**We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this survey?**

Yes

**I confirm that I have read the privacy policy and consent to the data I provide being used as set out in the policy.**

I consent

**Evaluation**

**Please help us improve our survey by answering the questions below. (Responses to the evaluation will not be published.)**

**Matrix 1 - How satisfied were you with this survey?:**

Slightly satisfied

**Please enter comments here.:**

**Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:**

Very satisfied

**Please enter comments here.:**