SOUTH OF SCOTLAND, REGIONAL EMPOWERMENT – FINAL REPORT

David Waite*

Stuart McIntyre**

Graeme Roy*

*University of Glasgow

**University of Strathclyde

September 2026

The brief in summary

For this work we were asked to:

- Give background information on the regional empowerment agenda and how it is emerging in Scotland.
- Provide a data snapshot that could inform future baseline work for the South of Scotland (SoS).
- Present potential governance evolutions and future steps to be considered by the REP.
- Learn from other largely rural regions across the UK and beyond.
- Set out directions for further targeted and in-depth work.

Waite presented the overall approach to the SoS REP in the summer of 2026, and will do so again, in early September, for the purposes of final reporting.

The work was conducted in an independent manner, with touch point conversations held with officials to update on work progress. Any policy and/or investment positions taken as a result of this work rest with local policymakers.

Five key points

- SoS needs to pursue a distinctively rural model of regional empowerment
- Designing and delivering governance, along with generating institutional capacity, matter more than gaining powers
- SoS economy is more resilient than often assumed, but diversification is required
- Demographic pressures present major challenges
- Develop collaborations across boundaries to reflect real regional economies

Introducing Regional Empowerment

The regional empowerment agenda traces back, most notably, to the First Minister's presentation in Glasgow in late 2025, though we can point to a number of prior steps.

First, Holyrood has frequently been criticised for retaining significant decision-making centrally, rather than extending devolution further to localities.

Second, there has been a fractiousness between Holyrood and local authorities, which surfaces occasionally, about local authority funding and the role of Scottish government quangos in various forms. In part, this led to the Verity House agreement which sought to garner a new sense of trust and co-working. This, however, was put at risk, when shortly after the agreement was signed a decision by the Scottish Government to freeze council taxes appeared to be made without warning.

In 2026 we can point to a number of new commitments from the Scottish Government that a regional empowerment agenda will spring into being. Notably, a public service reform agenda is now a key focus for the Scottish Government. Within this, an intent is signalled that subsidiarity will be pursued and local and regional bodies will benefit from decentralisation. The public service reform statement notes:

> *[We will] work with regional and local partners to identify how best to formally devolve further elements of decision-making and delivery to Regional Economic Partnerships (REPs), and present options before the end of this Parliament.*

Allied to this, in some respects, is new legislation on Community Wealth Building. Presenting a particular locally centred view of economic dynamics and change, the approach now places a duty on a wide range of local bodies in Scotland to report to show how they are applying CWB in their work. Five principles underpinning CWB are: local supply chains; fair work; community land arrangements; social ownership and business models; and localised financial institutions.

A local governance review was also set up by the Scottish Government and this canvassed a range of views on ways to strengthen local democracy.

What forms could regional empowerment take?

It is important to recognise, at the outset, that there is not a fixed position on what "regional empowerment" will look like. We may learn more after the Scottish Government's Programme for Government is released.

Academic research has tended to consider empowerment across a suite of "de-" words: devolution, delegation and deconcentration. These three terms can all be

regarded as a form of decentralisation, though they relate to widely varying powers, responsibilities and autonomies. The following outlines each in turn:

- Delegation - relates to where local government acts on behalf of national government and where the latter maintains control
- Deconcentration - refers to national government offices in localities to support delivery or responsiveness
- Devolution - means the handing down of powers to localities to act as they wish (according to local priorities)

A key argument we wish to make is that Scottish local authorities may usefully consider the full suite of options here. Given the complexities of tripartite governance in Scotland - with both the UKG and SG interested in economic development - we need to think carefully about which decentralised arrangements will prove to be effective.

It is also apparent that some functions are best held at wider regional and national scales, where, for instance, policy co-ordination and giving consistent guidance or signals to a set of stakeholders are a concern.

Ultimately, we believe that it is useful to keep returning to the question of ‘what is the problem that greater regional autonomy is intended to solve?’

What does this mean for SoS?

There is an appetite now for thinking of local and regional empowerment. The First Minister's speech sees regional economic partnerships as the vehicle for this, yet there is a lively discussion at the moment about the merits of firming up institutional bodies to work at larger than local levels (e.g. city-regions).

Also, in the new UK Prime Minister, we now have a political champion of regional empowerment. The Cabinet Paper of late July promises quite bold steps – including on fiscal devolution – for England; for the devolved administrations, on the other hand, there is a general sentiment to work together expressed. While the detail needs to be filled in, there is a general sense that both UKG and SG are moving in the same direction here, so it is favourable timing for SoS to be thinking about what regional empowerment may look like and how it might help to tackle some of the structural economic and socio-economic challenges facing the region.

At the same time, this has arguably been an agenda focused on city-regions and particularly Glasgow. So, there are unanswered questions about the nature and character of regional empowerment for non-metropolitan places.

The key point here is that further decentralisation and devolution needs to be carefully considered. For one thing, with more responsibility comes more risks. For example, responsibility for delivering a function may soon become unwelcome where

resources and capacities are not sufficient for implementation (this relates to the idea of “unfunded mandates”).

Our own work on decentralisation shows that there is a trade-off. On the one hand, the benefits of decentralisation can include: better information about local conditions; heterogeneous preferences; tailoring interventions to different economic structures; experimentation; faster decision-making; and addressing market failures that are spatially specific. But there are also countervailing considerations: economies of scale; spillovers; redistribution; administrative capacity; policy fragmentation and accountability.

Which outcome dominates? The evidence that greater devolution will, in itself, lead to stronger economic growth is mixed. The economic effects of decentralisation depend importantly on institutional quality, policy design and the wider governance arrangements within which additional powers operate.

A checklist to work through:

If SoS was offered more powers and autonomies, what would it want to do?

- What would you like to do now (in policy terms) that you can't do?
- If you did something new - what advantages do you expect; also, what risks would there be?
- In doing something new, what geography would it ideally reflect?
- Is there the capacity to do something new or what would it take to build the capacity?
- If you want to do something new, can you work differently with national bodies to achieve this?
- Are the existing accountability arrangements sufficient for more powers, and, if not, what would be required?

What is a peripheral economy and does it apply to the SoS?

A key consideration for the SoS is understanding its unique geography and how the economy is organised across the geography.

First, we can usefully call on work from the Scottish Government on the geography of Scotland and the settlement structures within this.

This points to a varied geography in - and across - the South of Scotland. Rural areas certainly take up the vast bulk of the territorial extent of the SoS, but we can also point to "accessible small towns" and some settlements classed as "urban" within this geography. Making sense of such labels requires us to consider what such settlements are close to, not just their size. Economic development dynamics for villages close to a larger urban centre will present different opportunities and challenges, than for the same settlement size wedged in a wider rural area without such urban links.

In all, there is not a singular peripherality to the SoS. Different places across the geography will work in different ways, and policymaking will ideally reflect this. For example, for labour markets, skills, transport, supply chains, energy or innovation, the relevant functional economic geography may be different in each case. And some of those geographies will cross the English border.

From here it may be useful too, to consider the taxonomies of peripherality given in the academic literature. One such example is from Nilsen et al (2023: 750) who sketch out varying concerns and considerations for: "resilient regional service centres; locked-in specialized regions; vulnerable rural regions; and locked-in and vulnerable resource-based regions".

- "Resilient regional service centres" - are referred to by the authors as diverse settings, strong human capital endowments and anchor institutions.
- "Locked-in specialized regions" - are reliant on a limited number of sectors and/or key firms. They may be underpinned by various regional or national strategic programmes.
- "Vulnerable rural regions" - are low population contexts, evidencing limited public services and business activities.
- "Locked-in and vulnerable resource-based regions" - refer to settings where production is peripheral to global firm networks (also see discussion by Clelland), where decision-making rests outside the region. Natural resources are present, connoting both risks and opportunities.

This typology is given as a thought experiment - where would different parts of the SoS fit in the above (or where can likenesses be found)? The typology helps underscore the following points: one, peripherality is not uniform/singular; two, power relationships and institutional configurations matter between and across actors in

rural economic development; three, a mixture of opportunities and challenges will be presented in different places within SoS.

When considering peripherality, we can also look to a wider literature which shows how economic practices appear differently in rural vs large urban settings. Notably, we can point to research on innovation in the peripheries (Meili and Shearmur, 2019), which shows how innovation emerges and takes form in non-metropolitan settings. Recent contributions also show that how we measure innovation – patents or trademarks – shapes our view on the dynamism of rural vs metropolitan innovation (Castaldi et al., 2026). Together, this literature provides an antidote, of sorts, to policy views that innovation is something or somewhat exclusive to large urban settings.

From the above, we would offer the following key reflection:

Regional empowerment for the South of Scotland has to get to grips with a complex and multifaceted regional economic context. Developing work to better clarify the economic roles and functions of different places within the geography would be important. Taking such steps should also recognise the varying capacity of local and regional bodies to take on additional responsibilities, so this points in the direction of effective working across different regional and national bodies.

REP Regional Economic Strategy

Rural economic development can sometimes be treated as marginal to, or primarily as an extension of, city-region economies. In this way, rural economies have often been seen as peripheral in the national economic imagination.

The key issue for the SoS, we argue, is to better articulate how the SoS fits within wider economic systems. The South of Scotland has comparative strengths in economic activities that differ from those of large urban centres, while also depending upon important economic relationships with them.

Taking guidance from the OECD's "Rural 3.0" approach, an alternative view of regional economic possibility can be sketched out (in bold, in what follows, are quoted lines from the OECD's policy lessons (2018: 23)):

“Delivering improved well-being for rural dwellers (across economic, social and environmental dimensions).”

The SoS is well placed to articulate this vision and align this to the broad wellbeing thrust in NSET. The regional economic strategy provides a six-point framework for developing an approach here, and, further below, we set out a range of options for tracking this with data.

At stake with this point also, is coming to some view on the trade offs across economic, social and environmental dimensions. A new manufacturing plant, for example, may lift economic outcomes through increased trade and employment, but it may plausibly have a negative impact on environmental objectives such as clean air, litter, and pollution.

SoS partners could work with the Scottish Government and UK Government to determine a wellbeing trajectory that works through some of these balances and tensions with a place specific focus.

"Understanding the growth dynamics of low-density economies (distance to markets, role of the tradeable sector, and absolute advantages).”

Key to this principle is developing insight specific to the South of Scotland economy. In this vein, the data section below seeks to provide sight lines for the development of a baseline that regional partners can usefully track.

A tradable sector is seen to be important in regional development research, as it is a sector equated with both higher wages and innovation propensities. A tradable sector refers to economic activities that trade outwith the region, not simply selling goods and services within the local area. The idea here is that trading beyond the local region exposes firms to competitive pressures which in turn lifts firm productivity.

There is an opportunity for South of Scotland partners to build richer insights here too. One step could be to adopt the complexity work developed by the Glasgow city-region intelligence hub, which provided insights on the adjacency of existing

industries to new industries. The idea here is to form a view on how regional diversity may be fashioned, without large and unrealistic leaps given the existing sectoral base.

"Deploying a range of policy instruments (investments, addressing market failures, and supporting social innovation)" and **"Understanding that there is a spectrum of rural regions ranging from those in an FUA [functional urban area] to remote which have different policy opportunities and challenges."**

A varied economy is the key consideration here. In essence, what works for Stranraer will likely differ than from what works for Paxton, given proximity to large towns and urban labour markets shape rural change.

So, there are a diversity of settlement types (towns and villages etc), as well as a varied set of connections (Stranraer is a long distance from Eyemouth and will connect to other places more obviously).

This implies a few things for policymakers.

First, it will be important for policymakers to take a clear view on such spatial diversity. This moves us away from uniform measures across the geography.

Second, there would seem to be merit in arriving at a spatial typology of places across the SoS geography, to map their relationship to and distance from urban centres. Informing the first point too, this could build on the rough outlines and connections given on pg35 of the national planning framework.

Third, the three themes set out in the regional strategy could be usefully mapped against settlements of the varying types sketched in steps 1 and 2.

"Fostering a multi-sectoral approach that engages public agencies, the private sector and non-government organisations, and is inclusive of different population groups and places."

Developing the REP further is the key suggestion from the Scottish Government at this point.

There are multiple avenues through which this could work. First, there is a basis of existing co-operation and working that should be built on. Regional development in the UK has suffered, in the past, from rapid policy churn whereby initiatives and organisations come and go. The onus should be on strengthening the governance capacities in places across the SoS.

Second, and in keeping with the legislative onus given by Community Wealth Building in Scotland now, there is an opportunity to convene knowledge and intelligence on the region through anchor organisations (colleges, hospitals etc). These are sticky actors who, to some degree, maintain ongoing insights on how the economy changes.

"Integrating delivery to enable sectoral policies that match the needs and circumstances of different rural regions."

There is an opportunity to work with national bodies such as the Scottish National Investment Bank, the Scottish Futures Trust and bodies such as Scottish Enterprise who have elements of national responsibility.

We have made the argument in previous work that effective regional policy for Scottish regions will need to exhibit in a different manner across Scotland. In some cases, where regional working is in its infancy, short-term steps may be more about working with national bodies rather than taking powers from them.

A clear sectoral opportunity too, is given by the industrial strategy set out by the UK government. Clean energy and the creative industries (all IS-8) have footprints in the SoS that may be strengthened through the UKG sector approach.

We can also point to the merits of establishing a rural-Scotland intelligence hub, so ideas and knowledge can be shared. This could, for example, be established as a joint capacity with HIE initially.

Existing Framework

SoS framework is the anchor point for this strategy, and comprises six themes:

1. Skilled & Ambitious People
2. Innovative & Enterprising
3. Rewarding & Fair Work
4. Cultural & Creative Excellence
5. Green & Sustainable Economy
6. Thriving & Distinct Communities

We argue that starting with these themes is useful for making steps with a baseline.

One area further work could usefully progress is through mapping out logic chains. Here, SoS could start out with measurable objectives connected to each theme, then assemble metrics for each objective. From here, it would be useful to then back track through the outcomes, outputs and inputs, so there is a clear set of measures to guide how objectives are being pursued.

Of course, some measures may also be not explicitly connected to actual policy processes, but may provide important contextual insights with respect to the SoS.

The SoS may find it useful to present metrics through logic chains and fashion a discussion with political leaders around these.

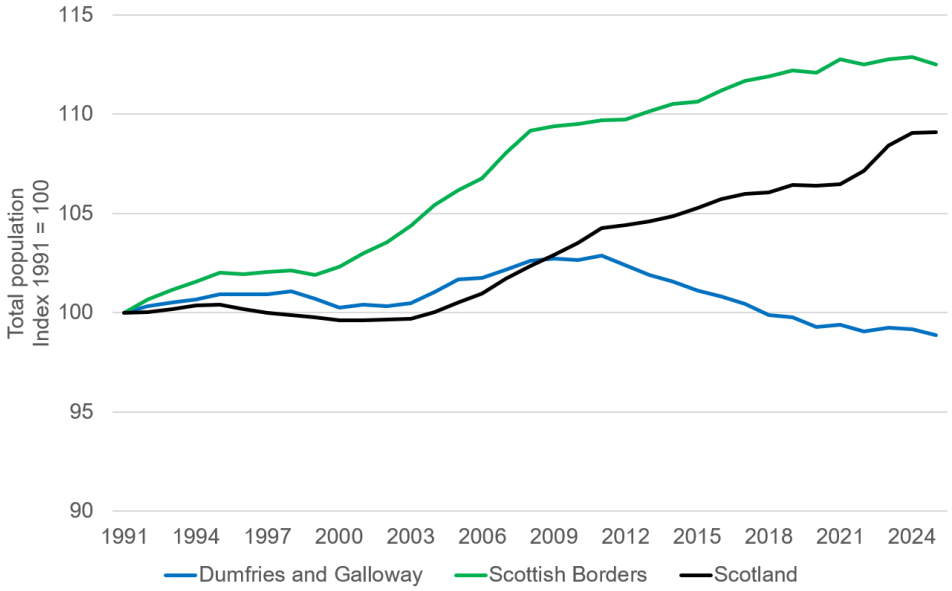
It should also be recognised that organisations in the SoS often have little control over regional outcomes. What they can do is influence outcomes at the margin. However, they are not going to be able to solve ageing population on their own and/or insulate the region from external change.

The key is to move to a position where SoS partners are actually evaluating what they are doing and what they want to achieve with regional empowerment.

Existing context and pressures

Skilled & Ambitious People

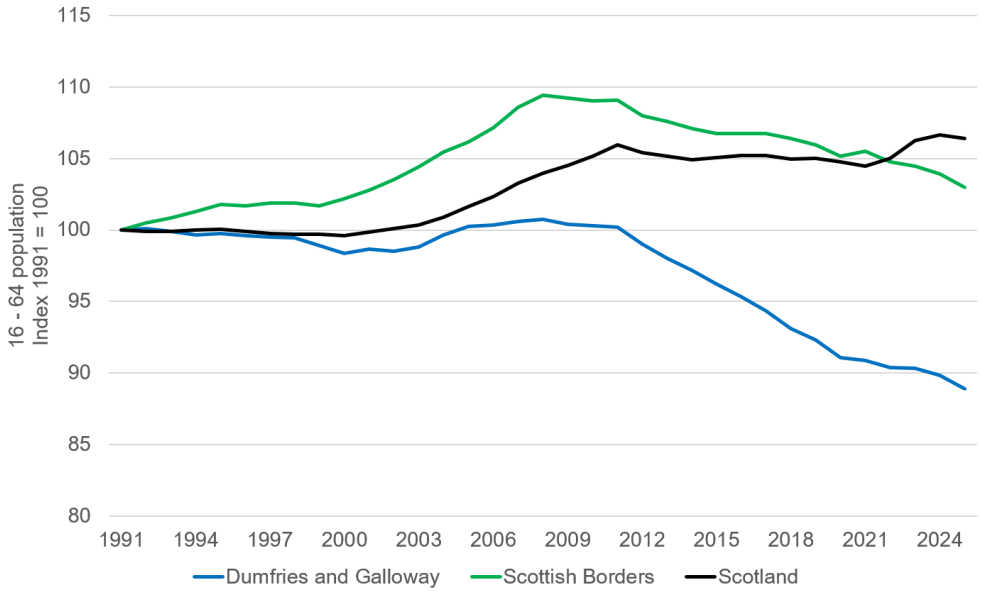
- **Enabling access to skills, training and employment**
- **Attracting and retaining people with diverse skills, ambition and knowledge**
- **Preparing for the future of work**
- **Building lifelong learning and opportunity**



1 - Key takeaway: Scottish Borders and Dumfries and Galloway have been on strikingly different population growth trajectories since 1991

Total population, (Index 1991 = 100), created using population estimates - local authority based by single year of age

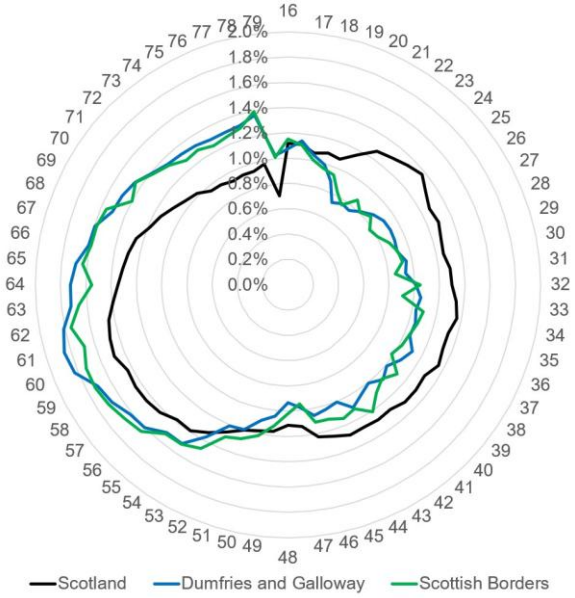
Source: Office for National Statistics



2 - Key takeaway: the downward trend in the size of the working age (16 - 64) population in Dumfries and Galloway is stark

Population 16 - 64, (Index 1991 = 100), created using population estimates - local authority based by single year of age

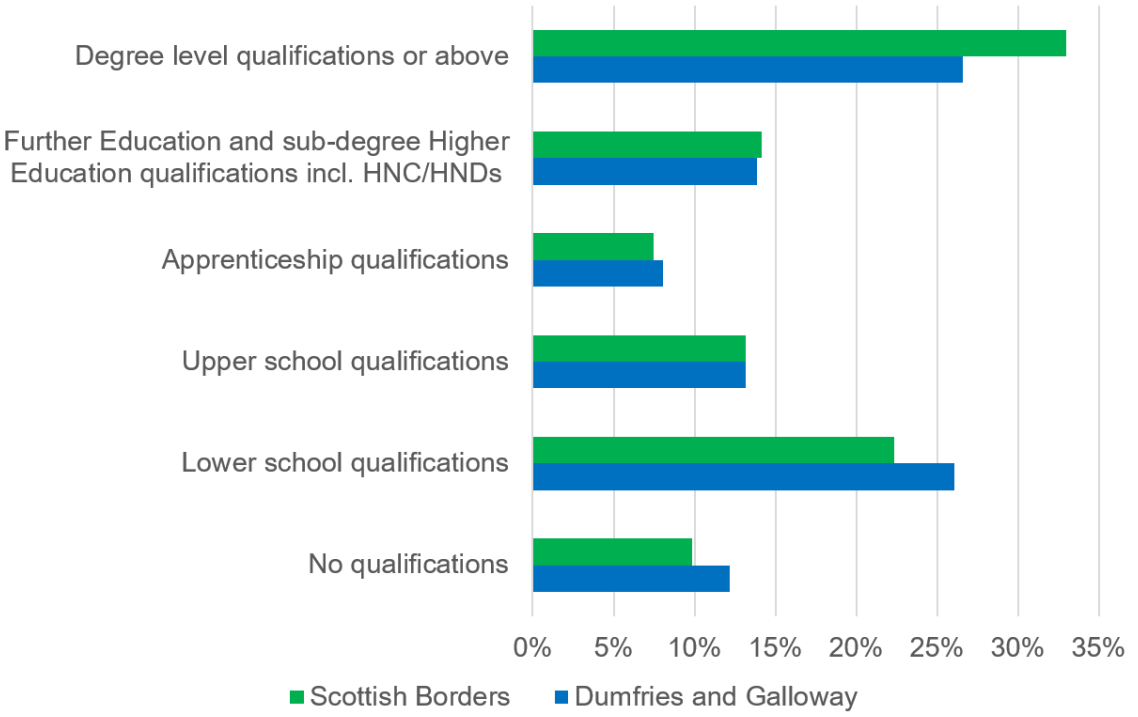
Source: Office for National Statistics



3 - Key takeaway: both Dumfries and Galloway and Scottish Borders have a notably older population profile than Scotland as a whole

Age structure of the population, % of the population of each age, mid-Year Population Estimates for Scotland: Mid-2025

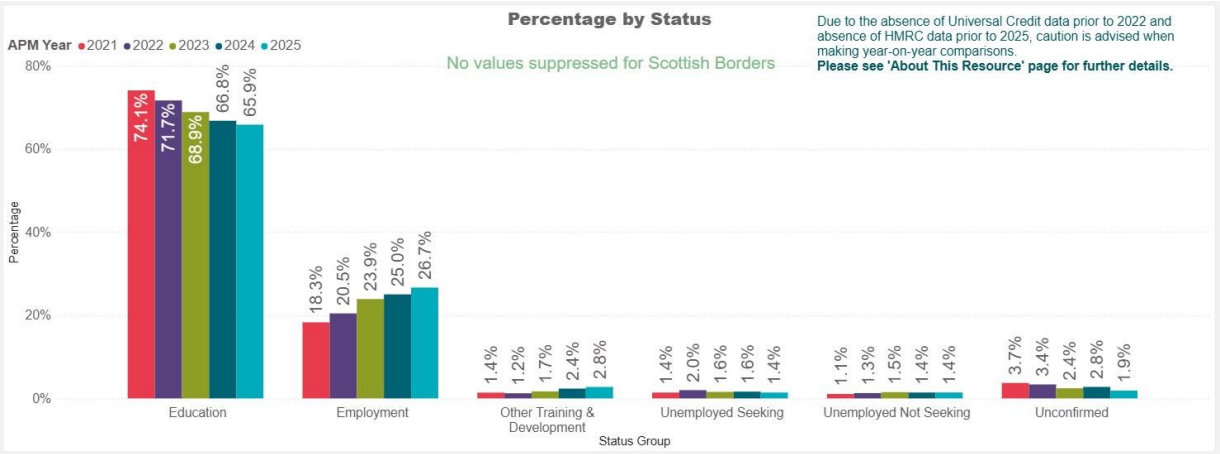
Source: National Records of Scotland,



4 - Key takeaway: The population has a high level of qualifications, with over 48% of working age people in Dumfries and Galloway, and 55% in Scottish Borders holding post school qualifications.

Highest level of qualification held by the population 16 - 64 years old

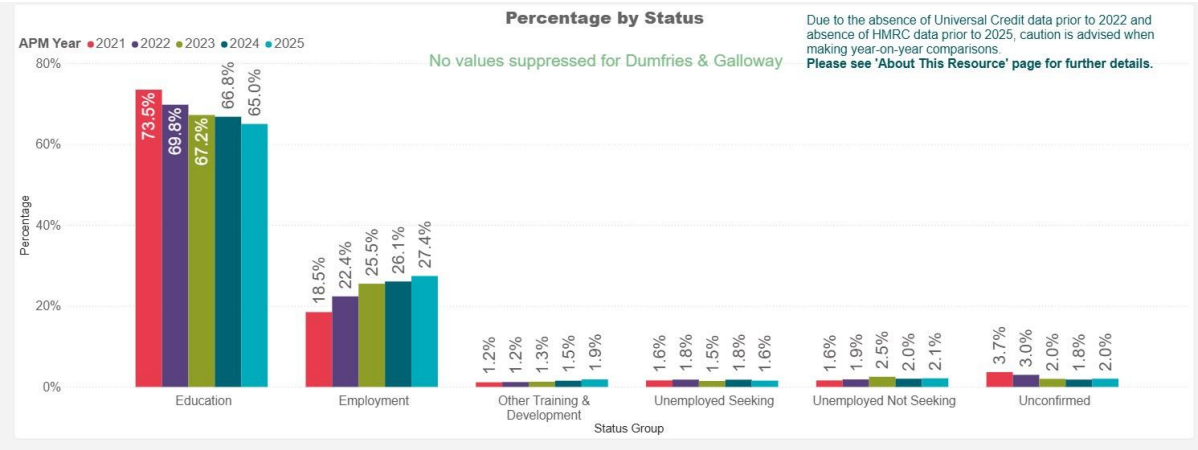
Source: Scotland's Census 2022 - National Records of Scotland



5 - Key takeaway: Over time we are seeing a reduction in the % of young people participating in education relative to employment. This is the opposite trend to Scotland as a whole. Overall participation rates have been increasing over this period.

Scottish Borders, Annual Participation Measure 16 - 19 year olds

Source: Skills Development Scotland



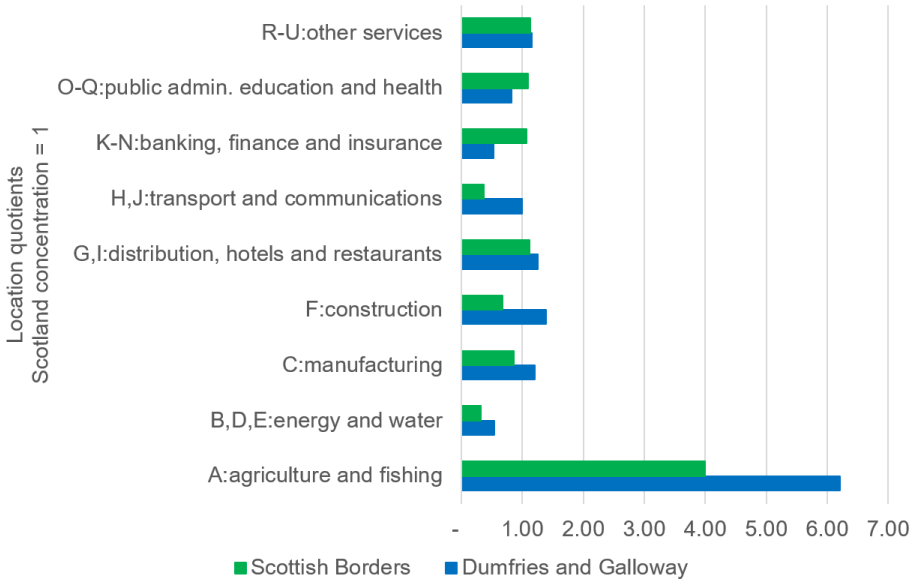
6 - Key takeaway: Over time we are seeing a reduction in the % of young people participating in education relative to employment. This is the opposite trend to Scotland as a whole. Overall participation rates have been increasing over this period.

Dumfries and Galloway, Annual Participation Measure 16 - 19-year-olds

Source: Skills Development Scotland

Rewarding & Fair Work

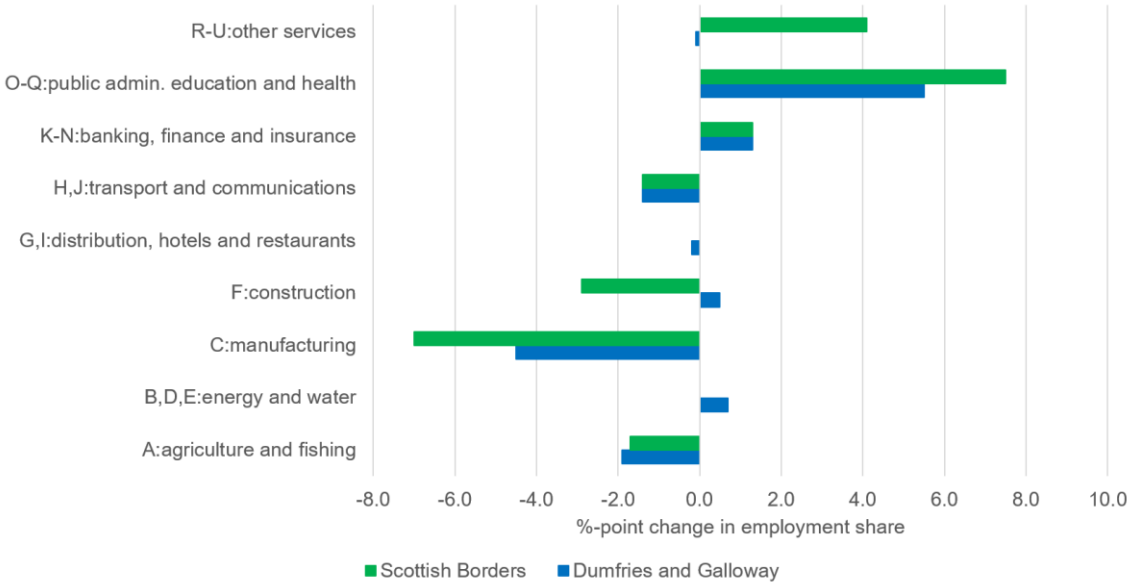
- **Growing and diversifying the economy**
- **Attracting and securing new investment**
- **Improving productivity and competitiveness**
- **Securing and improving fair working conditions and wages**



7 - Key takeaway: both areas are overspecialised relative to Scotland as a whole (taken as a benchmark of a more diversified economy) in agriculture and fishing, but Dumfries and Galloway is more specialised in manufacturing, construction, and distribution, hotels and restaurants too, while Scottish Borders is more service focused.

Sectoral specialisation using location quotients

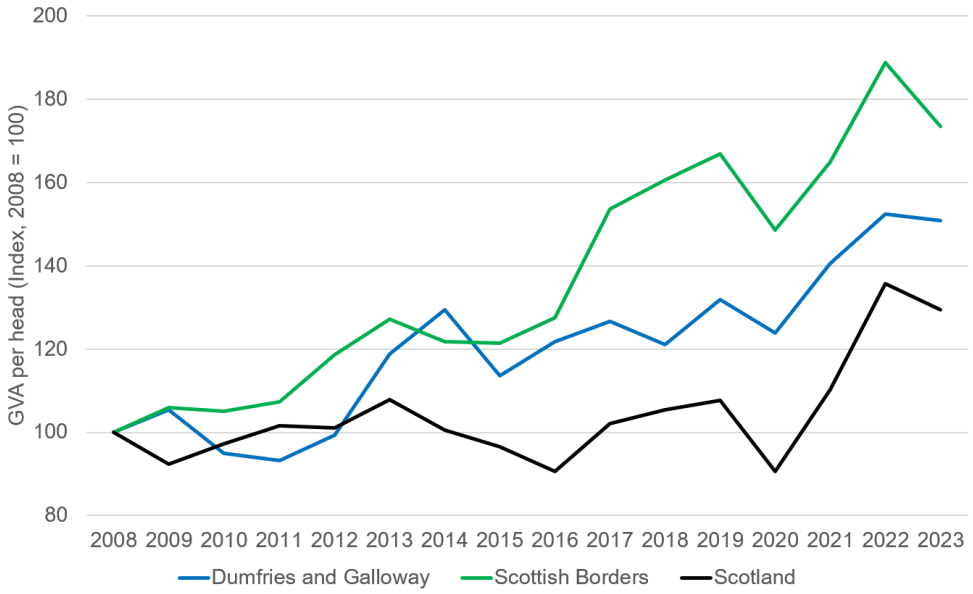
Source: Annual Population Survey, Office for National Statistics



8 - Key takeaway: it is important to look over time at which sectors these areas are growing their employment shares, for both Dumfries and Galloway and Scottish Borders it has been services and public sector, education and health.

Changing composition of employment 2004-05 to 2025 -26

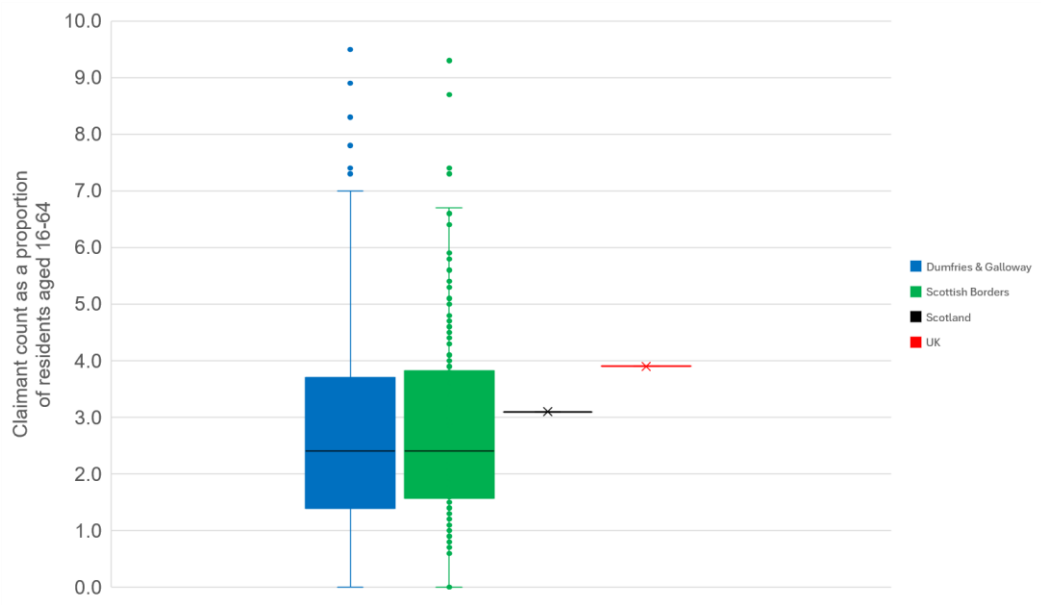
Source: Annual Population Survey, Office for National Statistics



9 - Key takeaway: Both Dumfries and Galloway and Scottish Borders have grown their GVA per head faster than Scotland as a whole over this period, albeit this has been a period of relatively weak growth relative to longer run averages.

GVA per head, (Index 2008 = 100)

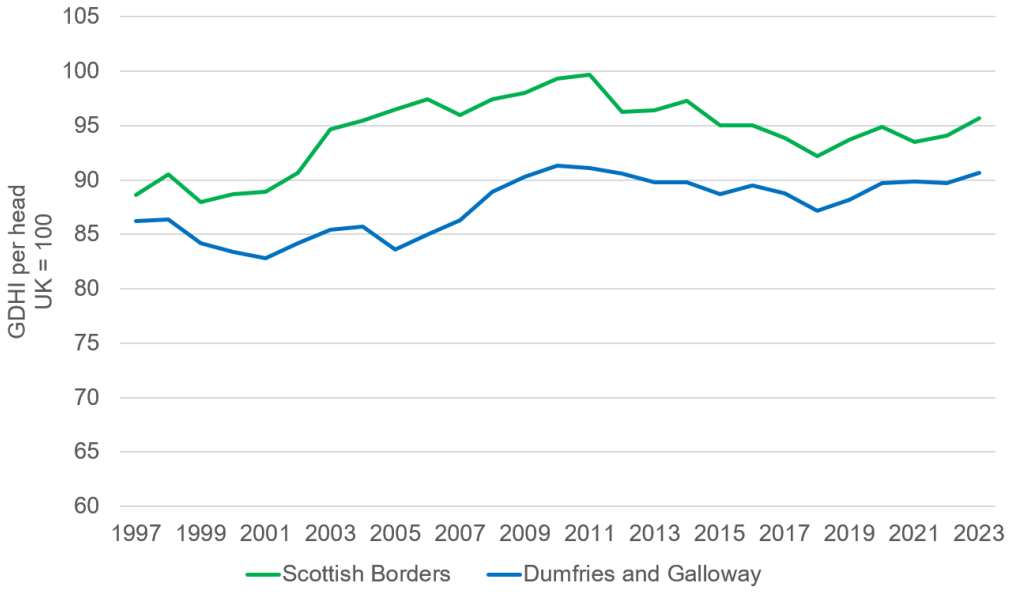
Source: Scottish Annual Business Statistics



10 - Key takeaway: within both Scottish Borders and Dumfries and Galloway there are significant differences in economic experience, highlighted here using datazone (small area) estimates of the proportion of the working age population that is claiming unemployment related benefits.

Datazone level claimant count as a proportion of residents aged 16-64 %

Source: Department for Work and Pensions and Office for National Statistics

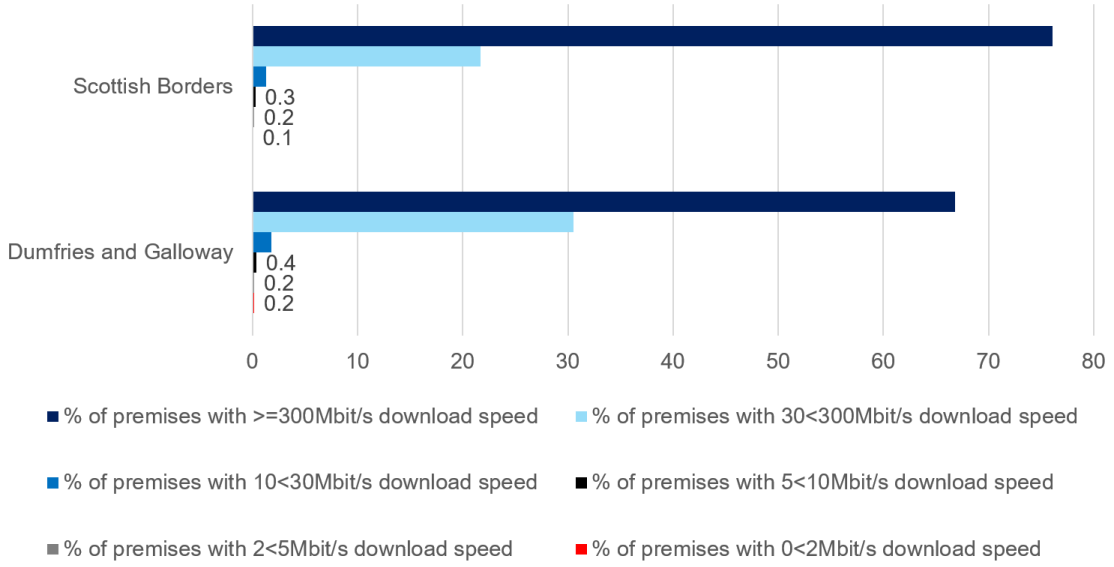


11 - Key takeaway: Both Dumfries and Galloway and Scottish Borders have gross disposable household income below the level of the UK as a whole over this period with substantial improvements over the period before the financial crisis.

GDHI per head as indices, (UK = 100)

Source: Office for National Statistics

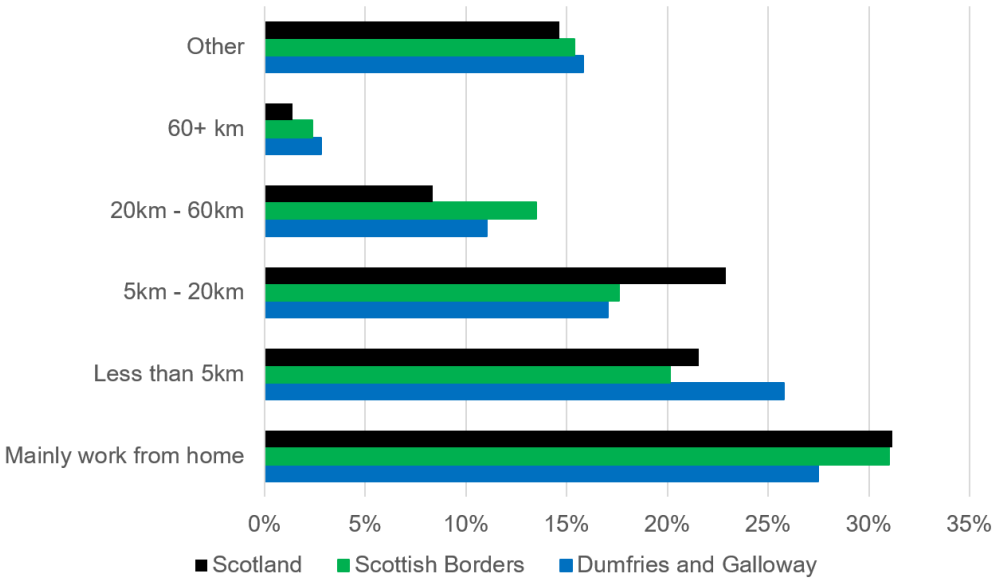
- **Thriving & Distinct Communities**
    - **Revitalising towns and rural communities**
    - **Creating and sustaining high-quality, affordable homes**
    - **Enhancing digital and transport connections**
    - **Activating and empowering communities, the third sector and social enterprise**



12 - Key takeaway: Both Dumfries and Galloway and Scottish Borders have very high levels of fibre broadband coverage.

Fixed broadband connection broken down by download speed

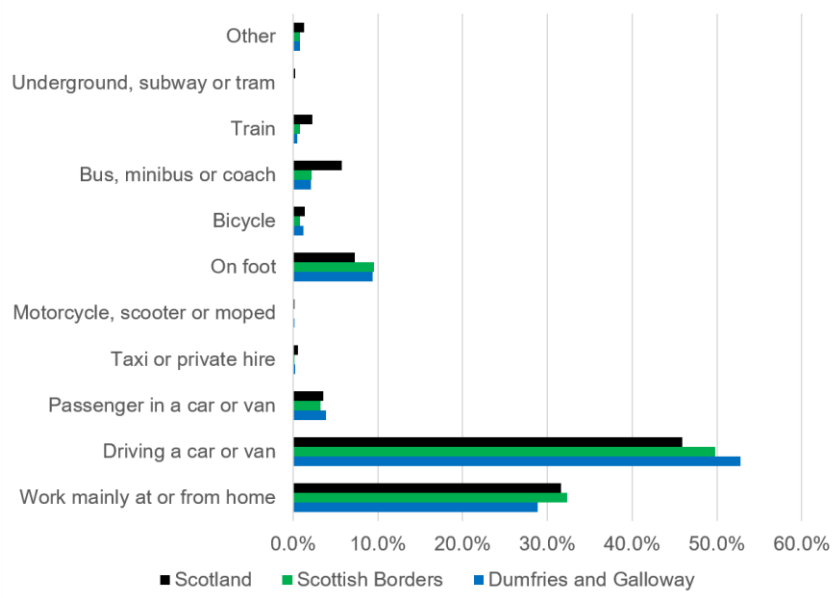
Source: **Ofcom**



13 - Key takeaway: people in Dumfries and Galloway and Scottish Borders are more likely to travel over 20km to work than people in Scotland as a whole.

Distance travelled to work in kilometres

Source: Scotland's Census 2022 - National Records of Scotland



14 - Key takeaway: people in Dumfries and Galloway and Scottish Borders are more reliant on private transport options to get to work than in Scotland as a whole.

Method of travel to work

Source: Scotland's Census 2022 - National Records of Scotland

Data mapping across remaining framework themes

On the remaining themes, as listed below, it is less immediately clear what metrics usefully come in to play, as much relates to policy process, identity and wider commitments. This again reinforces the need to distinguish contextual indicators from objective specific indicators.

We would also suggest that such domains present the need to work across other public and research bodies to compile the evidence base on such themes. For example, some notable UK-wide reviews have been conducted on natural capital, which may inform perspectives for the South of Scotland (see here).

Evidence on the Just Transition may be drawn from reviews from the Just Transition Commission, whilst this may also be a domain that would benefit from mutual working and intelligence gathering with Highland and Islands Enterprise.

Working with national bodies - such as in the domain of tourism - may also be useful (so as to develop intelligence on changing demand patterns for example).

In summary, these areas may be effectively developed in co-ordination with other public and private sector partners, rather than SoS developing intelligence here in isolation.

- Innovative & Enterprising
  - Embracing research and innovation
  - Enhancing business support services
  - Activating networks and business interaction
  - Creating flexible and accessible workspaces

- Cultural & Creative Excellence
  - Celebrating and enabling creativity
  - Championing a new regional identity
  - Investing in visitor economy infrastructure
  - Boosting culture and heritage assets

- Green & Sustainable Economy
  - Harnessing and enhancing natural capital
  - Seizing the economic opportunity of a Just Transition to Net Zero
  - Improving efficiency of homes and buildings
  - Supporting Community Wealth Building and growing regional supply chains

A final point is that official statistics and data are never going to be perfect for any region, not least the South of Scotland.

SoS may usefully think about how it collects and shares its own intelligence through its work. For example, actors in the SoS may be well placed to collect qualitative data on challenges facing particular businesses. We are mindful, here, that SOSE's bi-annual business panel survey already provides a snapshot at each specific survey window, helping to give a view on how business confidence is changing over time.

Comparative learning

The fortunes of rural areas are widely discussed across the OECD. In the table below, we map the South of Scotland against Cumbria, Cornwall and Mid-Wales in the UK, along with rural comparators in Finland, Ireland and Denmark. The comparator cases are all predominantly rural in nature, though extents of rurality and urban connections differ.

Topic	Cumbria	Cornwall	Mid Wales	Southern Ostrobothnia (Finland)	Rural areas of Jutland (Denmark) (a geography across multiple administrative areas)	County Kerry (Ireland)
Major strategy	Going for Growth: Cumbria's Economic Strategy 2025-2045, focused on advanced manufacturing, clean energy, agri-tech, skills and productive growth.	Cornwall Good Growth Plan 2024-2035, centred on inclusive growth, decarbonisation, housing, skills and productivity.	Growing Mid Wales Programme and Mid Wales Growth Deal focused on connectivity, skills, innovation, low-carbon growth and rural resilience.	Regional development focused on bioeconomy, agri-food leadership, SME growth, innovation and manufacturing competitiveness.	No single strategy. Multiple sources lead to regional development focused on green transition, renewable energy, advanced manufacturing and rural innovation.	Kerry Local Economic and Community Plan 2025–2030, aligned with the Kerry County Development Plan 2022–2028 and the Regional Spatial and Economic Strategy for the Southern Region.
Major investments	Barrow submarine programmes, defence-related housing and infrastructure, university expansion and energy investments.	Critical minerals, floating offshore wind, marine industries, space infrastructure and renewable energy investments.	Digital connectivity, sustainable tourism, agricultural and food innovation, research facilities, commercial property and enterprise infrastructure supported through the £110 million Mid Wales Growth Deal.	Agri-food innovation centres, logistics, bioeconomy investments and manufacturing modernisation.	Offshore wind, ports, hydrogen infrastructure, industrial decarbonisation and energy cluster investments.	Tourism infrastructure, renewable energy projects, regional innovation centres and food-sector investments.
Sectors of focus	Defence, nuclear, advanced manufacturing, clean energy, agri-tech and tourism.	Critical minerals, renewable energy, marine, space and tourism.	Agriculture and food, tourism, digital connectivity, research and innovation, renewable energy ("Low Carbon Region"), environmental technologies and some manufacturing.	Agri-food and food technology, smart manufacturing, machinery and metal industries, wood products, bioeconomy, logistics, and creative and experience industries	Renewable energy, agriculture, food industries, logistics and advanced manufacturing.	Tourism, agri-food, technology, life sciences and renewable energy.
Business leaders and major private-sector advocates	BAE Systems, Sellafield Ltd, Rolls-Royce Submarines, the Cumbria Chamber of Commerce and business representatives on the Cumbria Economic Growth Board	Cornish Lithium, Geothermal Engineering Ltd, Goonhilly Earth Station and Cornwall Space Cluster.	Tourism operators, food producers, renewable-energy developers and regional SMEs.	Primary region for Atria.	Wind-energy manufacturers and suppliers, food-processing firms, agricultural cooperatives, machinery companies, tourism operators and green-technology businesses, varying by subregion.	Fexco (in fintech), tourism and hospitality businesses, agri-food firms.
Innovation basis/links	University of Cumbria, Barrow campus, Pears Cumbria School of Medicine, BAE Systems, Sellafield Ltd, nuclear and advanced manufacturing innovation ecosystems.	University of Exeter Cornwall Campus, Falmouth University, Goonhilly Earth Station, Cornish Lithium and geothermal innovation networks.	Aberystwyth University, Growing Mid Wales, agricultural innovation, digital entrepreneurship and low-carbon research programmes.	Seinäjoki University Consortium, food innovation centres, agri-tech research networks and bioeconomy partnerships.	Aarhus University, Danish Technological Institute, wind-energy innovation clusters and strong university-industry links.	Munster Technological University, Kerry Technology Park, Enterprise Ireland innovation supports and food innovation networks.
Governance arrangements	Cumbria Combined Authority, formally established in 2026. This will operate under transitional arrangements before the first mayoral election (May, 2027),	Cornwall Devolution Deals (2015 and 2023).	Mid Wales Growth Deal operating within the Welsh devolution settlement.	The Regional Council of South Ostrobothnia is a statutory joint authority of the region's municipalities, responsible for regional development, strategic planning and regional land-use planning; it is not a directly elected devolved government.	Substantial municipal responsibility for local planning and services, operating alongside comparatively limited administrative regions, national business and rural-development frameworks, and cross-municipal partnerships.	Kerry County Council leads county-level planning and the Local Economic and Community Plan within Ireland's unitary system; the Southern Regional Assembly provides a wider regional planning and EU-funding framework.

Sources for table:

South Ostrobothnia -

- South Ostrobothnia: Building a Sustainable Future Through Innovation and Inclusion - Etelä-Pohjanmaan liitto
- Älykkään erikoistumisen strategia 2021-2027
- Regional Strategy of South Ostrobothnia
- Reviewing the Strategy's Progress on South Ostrobothnia

Rural areas of Jutland -

- The OECD Rural Agenda for Climate Action
- Aalborg plays a key role in massive international offshore wind projects - Port of Aalborg
- Strategies to Address Nordic Rural Labour Shortage
- Rural resilience in Denmark through enhanced cooperation

County Kerry -

- Kerry Local Economic and Community Plan 2025-2030 | kerrycoco.ie
- KerryLocalEconomicAndCommunityPlan2025-2030.pdf
- https://www.oecd.org/en/publications/rural-policy-review-of-ireland-2026_d53ea78f-en/full-report/making-rural-policy-work-from-strategy-to-delivery_388f48d4.html

Mid-Wales -

- Mid Wales regional economic framework
- Growing Mid Wales - English - Growing Mid Wales

Cumbria -

- https://enterprisingcumbria.org.uk/sites/default/files/1796875/2025-10/Going%20for%20Growth.pdf
- https://www.productivity.ac.uk/wp-content/uploads/2026/04/PIP081-Cumbria-and-Devolution-April-2026.pdf

Cornwall -

- https://cornwallti.com/wp-content/uploads/2023/06/The-Power-of-Cornwall-Investment-Prospectus.pdf
- https://www.cornwall.gov.uk/people-and-communities/cornwall-devolution-deal/
- https://acss.org.uk/good-growth-in-a-rural-economy-the-experience-and-potential-of-cornwall/

The table gives a starting point to consider the regional development processes and issues across the comparator cases. In what follows, we detail the comparator contexts further.

The key point here is not to suggest that these wider examples should be copied, but rather to develop a view on what is happening elsewhere to inform potential policy shifts in the SoS context.

The documents on South Ostrobothnia point to the centrality of the smart specialisation approach (a European Commission led agenda) which requires local policymakers to point to areas of strength and opportunity and then target those areas through policy and investments. For South Ostrobothnia, this has led to a regional strategy that coheres around three themes: "stable and dynamic", "smart

and skilful" and "flexible and sustainable". In terms of geography, Seinäjoki is stated as an urban growth centre and boasts university assets.

The SoS may look to this context to consider how it manages population challenges and low productivity, industry evolutions and couplings with anchor institutions.

The documents covering areas of rural Jutland point to renewables strengths and links to port infrastructure at Aalborg. The rural economies have concentrations in sectors that show weak growth performance (relative to the rest of Denmark) and employment challenges persist. Labour shortages have been reported to be challenging for Western Jutland. A "village cluster" initiative was established to co-ordinate knowledge across rural contexts and share common goals.

SoS may consider the networking function given in the diffuse cluster model for the sharing of practices and knowledge across rural contexts (within Scotland and across the Borderlands).

Insights on County Kerry reflect a multi-faceted economic development approach that links explicitly to the Sustainable Development Goals. Major themes in the strategy relate to social infrastructure and mitigation and adaptation responses for climate change. As per the European approach, smart specialisation and cluster approaches feature prominently. Leveraging cultural assets, retaining young people and working through seasonality in various forms, are cited as challenges.

The SoS may consider what a smart specialisation approach provides and whether it can help to sharpen a focus with the UKG industrial strategy.

The remaining three comparator areas are all in the UK.

The documentation for mid-Wales points to a rural economy with a number of attributes familiar to a SoS audience - an ageing population, a weakening labour market and ICT and connectivity challenges in places. Links to higher education institutions at Aberystwyth are noted, along with opportunities for sectoral developments in agriculture and food amongst other areas. Aspirations to be at the forefront of developing green energy solutions are also sketched out.

Notably, mid-Wales has had a Corporate Joint Committee structure since 2022. This followed legislative change introduced. Cross locality collaboration underpins CJCs, and useful background is here and here. Such vehicles may usefully be considered by the SoS.

For Cumbria, the presence of the defence and nuclear sectors is notable. Familiar concerns about a declining working age population are noted (and this creates business recruitment challenges). A visitor economy coupled with natural capital is also promoted, while agri-tech is positioned as an opportunity to secure value linked to existing strengths. The University of Cumbria reflects a higher education asset in the region.

Cornwall, in the south-west of England, has seen two devolution announcements made and links changing governance claims to a distinct Cornish identity. Sectors of interest include the space economy and renewable energy, plus critical minerals

(notably lithium). Traditional sectors such as agriculture and food are also recognised as mainstays for the region. As noted below, Cornwall has led on a "good growth" approach which could be usefully considered in the SoS context too.

These regions, we argue, provide useful points of reference for policymakers in the SoS. Critically, policy for the SoS must be attentive to local requirements, but these comparators give scope to consider what is going on elsewhere and what SoS could consider.

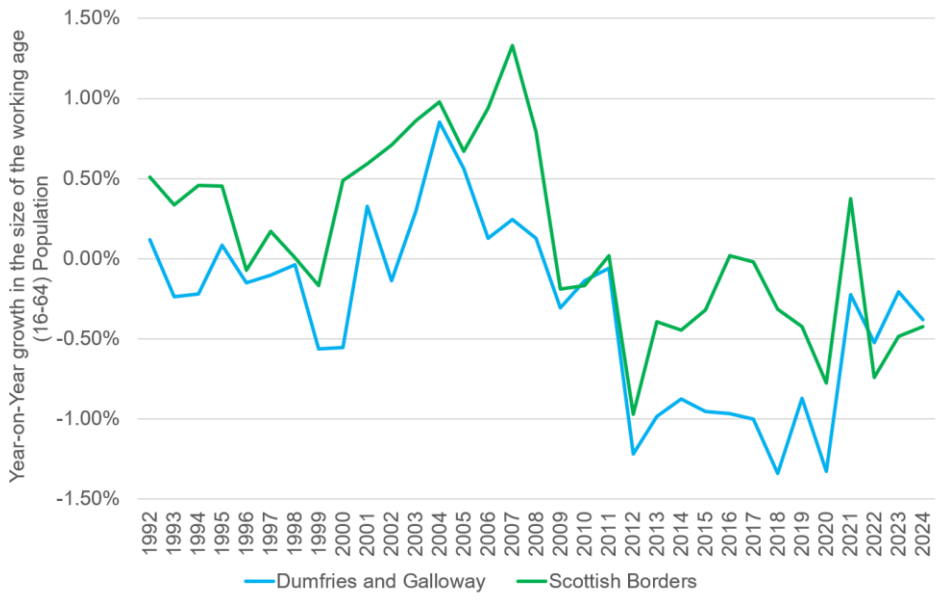
In addition, SoS may seek to broker knowledge networks across these regions. A number of the regions boast higher and further education institutions that may act as knowledge channels and filters for such knowledge transmission.

Trends

This section has the purpose of setting out some key mega trends that are shaping or may shape the SoS profoundly.

Fundamentally, the SoS is confronting a changing world, and there are major grand challenges relating to demography, climate change and digital interaction that we need to monitor.

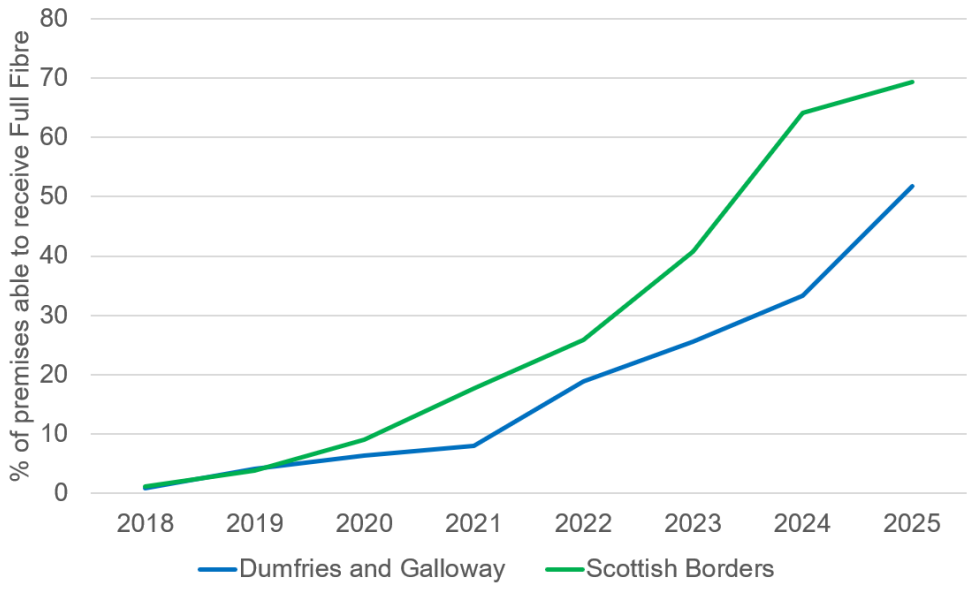
The following sets out data on three notable trends for ongoing monitoring.



15 - Key takeaway: Both areas have seen their working age population shrink in almost all years since 2008 - a shrinking working age population has important implications for economic resilience and the delivery of key services.

Year-on-Year growth in the size of the working age (16-64) Population

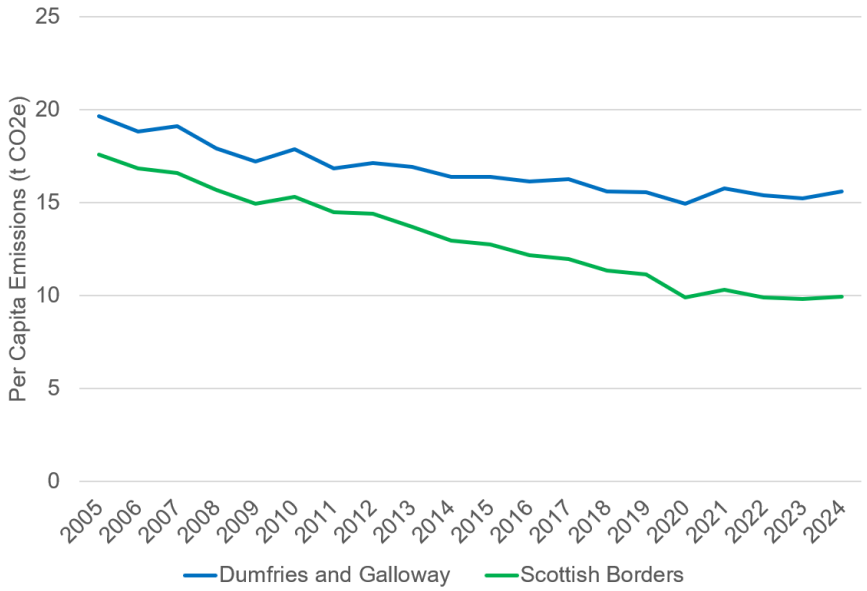
Source: Sub-Scotland Economic Statistics, Scottish Government



16 - Key takeaway: Access to full fibre broadband has increased significantly in recent years, but there is still some way to go, particularly in Dumfries and Galloway.

% of premises able to receive Full Fibre

Source: Ofcom



17 - Key takeaway: Emissions per capita have been steadily falling in both Dumfries and Galloway and Scottish Borders, but more rapidly in the latter.

Per Capita Emissions (t CO2e)

Source: Department for Energy Security and Net Zero

Reflections on the data analysis, trends and comparator cases

For the issues above, **we consider working with other bodies across Scotland and the UK as crucial**. Simply put, other agencies and units will have the convening power and capacity that SoS could usefully link into and borrow.

For example, with respect to the shrinking working age population, it will be imperative to link into the insights that Skills Development Scotland can bring to the table. This will help with maximising the skills capabilities of the working age population that does exist in the SoS, despite the challenging overall trend.

Furthermore, it may be valuable to forge linkages with representatives from the comparator cases we have outlined prior. A diminishing working age population is far from unique to the SoS, so there may be opportunities to form a knowledge community around pressing trends shaping rural regions.

Similarly, noting that there seems to be a relative shift among young people participating more in employment than education in the region should not in itself be interpreted as either a positive or negative development. Differences in destination may reflect the structure of the local economy, the opportunities available to young people and their preferences.

The important point is the quality and fit of these opportunities to the needs of the young person and the local economy. Employment outcomes can include apprenticeships and other forms of work-based learning and may offer strong opportunities for skills development and progression. In a region where retaining young people is an important challenge, employment may also help strengthen longer-term connections with the local labour market.

Scenarios and stress testing

Stress testing a new governance model; some general considerations:

- What decisions need to be taken?
- At what geographical level?
- Who currently holds the relevant powers?
- Where are the coordination failures?
- What additional capability would SoS require?
- Would formal devolution actually improve the response?

Some scenarios for considering regional empowerment

In this section we set out some hypothetical but real-world possibilities that may confront economic development policymakers. This allows us to consider how existing governance arrangements are equipped to respond at present, as well as think through what changes may be required/useful through the regional empowerment agenda.

How do you work through the loss or downsizing of a major plant?

The following table sets out some examples of plant closures elsewhere in the OECD over recent decades. This may offer insights on the type of steps SoS can put in place (and work with others on) should this occur.

The upshot here is to consider how, across the multi-level governance system, a response could be fashioned.

Questions to work through:

- What can local authorities and connected bodies do now to respond?
- Who do localities need to bring in to shape timely and meaningful responses?
- How can such responsiveness be built into future economic strategies and who should be doing what?

The PhD from David Clelland, focusing on economic development in Dumfries and Galloway, is worthy of attention on this and wider matters - https://theses.gla.ac.uk/82879/1/2022ClellandPhd.pdf

Case	Closure or activity reduction	Location	Policy responses	Key points
Kajaani, Finland	UPM paper mill, 2008	South-west of Oulu, north-east of Helsinki	Business park on the site, reuse of industrial infrastructure, worker transition programme, data-centre specialisation.	Dialogue with company management ahead of closure.
Kamaishi, Japan	Closure of most steelmaking facilities, 1989	In the north, north of Sendai	Temporary placements and company-created enterprises. Eco-model turned to	Relatively successful employment replacement programme, though continuing demographic decline.
Girgarre, Australia	Heinz food-processing plant, 2012	In the state of Victoria, north of Melbourne	Land transfer to community (Girgarre Development Committee), community-led regeneration and amenity investment	How to sustain the "foodbowl", union advocacy, company provided training for some workers.

[1]

[1] Sources *for the table:*

How can you react to a large new investment? What about a data centre?

Key here is maximising local gain from any new investments, engaging with interested parties and mitigating downsides.

The Scottish Government now requires data centre planning applications to be notified (see here).

A note from the Brookings Institution in the US points to this as a new frontline in local and regional politics. The note makes the following points for SoS to usefully reflect on:

- Local leaders developing a shared vision with residents as far as possible, to give meaningful input and partnership.
- Monitor changes in data centre infrastructure for changes in terms of environmental pressures.
- Balancing costs borne locally versus gains made more widely, and vice versa
- Marrying labour market support, and local opportunities, to glean more from interventions
- Communicating to SG and UKG on the pros and cons of projects locally
- Considering mechanisms for share of any tax gains from projects locally

Also see here.

Key to regional empowerment are perhaps the following questions:

- ***How does local economic gain factor in against national planning veto?***
- ***How do investments support the region's wider economic change agenda?***
- ***In what ways can localities and partners build in local benefits when a decision to go ahead is given?***

The following table sets out some basic/generic considerations in terms of local economic development (recognising project specifics will have a key bearing):

https://www.mdpi.com/2413-8851/3/4/110
https://www.marketplace.org/story/2018/08/01/postcard-japanese-steel-town
https://journals.sagepub.com/doi/abs/10.1177/1078087412463537#bibr119-1078087412463537
https://www.jstor.org/stable/40112949?seq=1
https://www.news.com.au/finance/146-jobs-lost-as-heinz-closes-girgarre-factory/news-story/1d606779eb1d62ffa8292834f431797f

Potential Positives	Potential Negatives
Digital performance and cyber security	How big will the permanent workforce be?
Employment and skills training from construction	Stress on grid capacity
Payment of taxes etc	Wider environmental costs

Source: Derived by the authors from the sources linked above.

How can SoS position for a step change in sectoral support for clean energy through the industrial strategy (IS-8)?

There is a clear alignment with the Scottish Government's green industrial strategy, firstly. SG's green industrial strategy notes expressly:

"South of Scotland Enterprise (SOSE) will establish the South of Scotland as a net zero region, building on the South's existing reputation as a 'renewables heavyweight', powered by affordable, sustainable energy and seizing opportunities of onshore and offshore wind, and green hydrogen."

It would be very useful, we believe, for the SoS to develop further work to consider how the key 8 sectors in the industrial strategy map against the assets and strengths in the SoS.

In developing this work, we looked, for example, at the linkages between the Borderlands Energy Masterplan and the sector strategy for clean energy from the industrial strategy. This identifies a number of areas of alignment, such as inverting the logic from seeing clean energy purely about emissions reduction, to considering the economic opportunities that are presented.

Moreover, the following statement in the masterplan would appear to connect directly, where the industrial strategy is read as a national level initiative -

".. undertake analysis of how wider national level projects could contribute to the Borderlands. The Borderlands has the potential to be a major powerhouse for renewable generation and the wider electrification of the UK as a whole, allowing the Future Energy Scenarios to be realised at a national level."

There may also be opportunities to connect to the work of the Scottish National Investment Bank and the National Wealth Fund.

How can a good growth agenda for SoS be fashioned that aligns with UKG's newly stated focus?

Cornwall's good growth plan provides sight lines that could be usefully considered. The good growth approach in Cornwall consists of a focus on, for example:

"upskilling the workforce"; "advance equality of opportunity"; increasing take up of "real living wage"; "reduction in Co2 emissions".

This clearly indicates a very close alignment with existing strategy dimensions given in SoS's regional economic strategy. Work in Scotland on inclusive growth and wellbeing economy frameworks, even if somewhat abstract at present, offer steps that may usefully align and be developed for the SoS.

In turn, this may provide the basis for considering a "good growth" fund for SoS through future decentralising steps. The new Prime Minister is using the language of "good growth" so it may be strategically beneficial to think through what "good growth" looks like for the SoS.

Pursuing decentralisation

There are several conditions required to pursue a regional empowerment agenda.

First, trust must be built and or maintained across a diffuse set of governance actors. Much of the debate in and about Scotland, to date, has been on what powers and autonomies local bodies can glean from the UK and Scottish governments. We suggest that a more effective approach is to work closely with both the UK and Scottish governments and consider the wide spectrum of decentralising steps that may be taken (including deconcentration etc). In some cases, this will mean the UK and Scottish governments holding on to powers but acting in a more regionally sensitive manner. Trust would need to underpin such multi-level working.

We would also repeat key findings from our prior work which has argued that clarity from the UK and Scottish governments on how they will pursue regional development would be welcome. We have argued that a decentralisation framework analogous to the English devolution white paper (2024) would have merit where this was:

a. agreed by both UKG and SG; and
b. gives clear signals to local actors on what is required to gain future decentralised capacities.

Further to this, the framework must recognise that local -regional capacities across Scotland widely vary, so places must be engaged with on different terms (See Clelland's Phd discussing capacity issues too).

Informing the above is the need for local actors to carefully piece together evidence bases on the particular issues faced in the SoS.

For one thing, evidence needs to consider the SoS as an economic space where many flows move through (labour, knowledge, supply chains), and where interactions with neighbouring areas are critical. Developing an evidence base on how linkages to Carlisle and Berwick-upon-Tweed, plus Glasgow and Edinburgh shape the SoS economy would be valuable. In this respect, can Colleges and

companies help to give a view on border issues - where do people come from; where are goods and services going to?

The Borderlands growth deal may provide a useful vehicle to consider how spillovers work too. The monitoring and evaluation for Chapelcross, for example, where a green energy employment centre is proposed, could look at where labour and firm inputs are coming from (over different phases of the regeneration). In economic geography, most administrative borders are artificial, so the Borderlands deal and its monitoring presents an opportunity to consider the porous nature of regional economies.

Finally, there is an opportunity for SoS to feed into a less dualistic narrative about sub-national economies within Scotland. Rather than being locked into an urban versus rural mindset, there is an opportunity with the regional empowerment agenda to consider different interactions across the Scottish economy. Simply put, Edinburgh and Glasgow will be able to host economic functions that Peebles and Stranraer cannot. The same is true the other way around as well. We would be well served - perhaps by seeking industry level data on supply chains, for example - to develop richer insights on how different places within the Scottish economy connect together.