

South of Scotland Enterprise Biodiversity Duty Report 2021 – 2023

Introduction

This is the first Biodiversity Duty Report published by South of Scotland Enterprise and covers the period January 2021 to December 2023. It fulfils the statutory requirement of South of Scotland Enterprise to report on work undertaken to further the conservation of biodiversity and focuses on 5 key areas:

- South of Scotland Enterprise (SOSE), its purpose and our commitment to natural capital
- Activity SOSE has undertaken to protect and enhance biodiversity
- Mainstreaming biodiversity to deliver nature-based and climate change solutions
- Public engagement and workforce development
- Research and monitoring

South of Scotland Enterprise

South of Scotland Enterprise (SOSE) was established through legislation, the South of Scotland Enterprise Act 2019, to bring a fresh and regionally focussed approach to economic and community development in and for the South of Scotland, assuming our powers and launching on 1 April 2020. Covering Dumfries and Galloway and the Scottish Borders, our focus as a public body is to help people, communities and enterprises in our region to thrive, grow and fulfil their potential and play our part in realising the regional vision for a Greener, Fairer and Flourishing South of Scotland by 2031.

Our Aims as set out in legislation, are to further the sustainable economic and social development of the South of Scotland and to improve the amenity and environment of the South of Scotland.

Our Vision is to create Success, increase Opportunity, lead a sustainable and just transition to Net Zero and advance Equality.

Our Mission is to bring people together across the South of Scotland and work in partnership with them to further the region's economic and social development and to improve its amenity and environment. We will provide expertise, mentoring and investment to people, enterprise and communities. We lead the way in thinking bigger, doing things better and unlocking the great potential of the South.

Our Values are at the heart of all we do. We will be: Inclusive; Responsible; Bold; and Striving.

Our Board, chaired by Professor Russel Griggs OBE, consists of 10 members with a wide range of business, community and environmental experience and skills. Our Senior Leadership Team is led by our Chief Executive Jane Morrison-Ross and manages four Directorates, with the Net Zero, Nature and Entrepreneurship responsible for helping the region's just transition to Net Zero and a Nature Positive future. This structure helps us enable climate and nature-based solutions via an entrepreneurial approach, utilising our natural capital and bringing meaningful investment and employment into the South.

In March 2023 we launched SOSE's first Five-Year Plan, setting out our direction and priorities for the years ahead and associated performance measures – which we will use to report our performance in future years. Some highlights of our activity include:

- Expanding our Net Zero Directorate to increase our capacity to accelerate NetZero and nature-based solutions for the South
- Initiating new programmes to drive entrepreneurship and accelerate a just transition to Net Zero and a Nature Positive future
- Supporting organisations to navigate the energy and cost crises, working closely with partners such as Business Energy Scotland
- Hosting the region's first hydrogen brokerage event to demonstrate the South's potential as a leader in Green Hydrogen production
- Becoming a silver accredited Carbon Literate Organisation, recognising our work to promote carbon literacy across the region.
- Partnering with Zero Waste Scotland to accelerate the South of Scotland's' circular economy ambitions

Following our annual strategic guidance letter from the Scottish Government asking us to focus effort and resources on delivering the actions and benefits of the National Strategy for Economic Transformation (NSET) we took the strategic decision to allocate SOSE's budget according to the NSET's key programmes of action, with this report focusing on *New Market Opportunities*. It also asked us to enable and support our clients to plan for and take action to contribute to a just transition to Net Zero and on embedding Fair Work practices across their organisations. Therefore, for every investment that we make, we consider the benefits it brings to the people and places in the South of Scotland and the contribution it makes to Scotland's national ambitions for success. Our funding is one part of the assistance that we have available to develop our region, our businesses, our communities and our natural capital.

Activities to protect and enhance biodiversity

SOSE works on close collaboration with our two partnership local authorities, Dumfries and Galloway Council and Scottish Borders Council. Together we are working on two major projects that cover the whole of the South of Scotland: Borderlands Inclusive Growth Deal Natural Capital Programme and the Regional Land Use Partnership pilot.

Borderlands Natural Capital Programme

The Borderlands Partnership¹ put forward the unique Borderlands Inclusive Growth Deal to the UK Government and Scottish Government which outlines a cross border and strategic approach to the challenges and opportunities of the region. The signed Deal defined a package of activities that the governments will support which includes the Natural Capital Programme, part of the Green Growth them.

In the South of Scotland the Natural Capital Programme consists of a suite of six innovative projects that support a new way of working reflecting the role of natural capital in underpinning regional economic and community development, and land-use planning and management at a landscape scale. As such, it represents an enabling investment that will help to transform current practices, influence an emerging economic policy and support a series of long term and sustainable economic, environmental, and social outcomes.

¹ Bringing together the five cross-border local authorities of Carlisle City Council, Cumbria County Council, Dumfries and Galloway Council, Northumberland County Council and Scottish Borders Council

The principle of the Scottish Natural Capital Programme is that the environment is no longer regarded as incidental or an obstacle to economic development, but that a healthy environment is the basis of developing a wellbeing economy and future resilience, thereby directly contributing to the strategic objectives for the Borderlands Inclusive Growth Deal.

The Programme aims to demonstrating the impact of investment in natural capital assets to support long-term community and economic benefit whilst delivering a nature positive future by providing learning for embedding natural capital considerations into future investment. It focuses on the following areas:

- Developing a more ecologically sustainable approach to hill livestock farming through the management of species rich grassland
- Developing a Natural Capital centred approach to auditing that identifies synergies between management interventions that deliver public goods and a modern sustainable farm business
- Pioneering an integrated approach to woodland creation that promotes the case for land use change
- Achieve a 'Sustainable Solway' through the restoration and expansion of coastal, intertidal and marine habitats
- Establish innovative approaches for data collection and analysis to facilitate robust decision making for land and marine management
- Explore how we can unlock blended and private finance opportunities to enhance our Natural Capital and deliver nature based solutions at the landscape scale

SOSE is working in collaboration with delivery partners for each of these project areas, with the final area being led by SOSE. It will result in the production of an Investment Plan that will highlight opportunities and create linkages and contacts in the financial sector, working in collaboration with Scottish Government's Responsible Investment in Natural Capital Programme. The Plan will be further developed to offer discreet packages of investment for various sectors and locations, delivering our ambitions for a nature positive future.

Together, the Natural Capital Programme aims to deliver a series of economic, environmental and social benefits, including:

- Enhanced landscapes, seascapes and water environments
- Improved peatlands and woodland cover
- Enhanced biodiversity and habitat connectivity
- Reduction in GHG emissions
- Climate change adaptation
- Physical and mental health wellbeing
- Cultural, recreational and tourism benefits
- More resilient businesses
- Resilience local supply chains and increased circular economy
- Skills and training opportunities
- Increase in private sector investment

Regional Land Use Partnership

Scottish Government pilot Regional Land Use Partnerships (RLUP) are one of the key platforms for change in the national Land Use Strategy. The pilots aim to test the practicalities of different governance arrangements in establish RLUPs and outline, through a Regional Land Use Framework (RLUF) how to use a natural capital approach to identify and agree upon current and potential land use changes across the region that support the delivery of Scottish

Government's climate change targets and biodiversity goals. In 2021, the South of Scotland took up the challenge to become one of the five national RLUP pilots, through a tripartite approach, led by SOSE and working in collaboration with our two local authorities. Whilst both local authorities have Forestry & Woodland Strategies and LBAPs, the South of Scotland pilot represents the first time a comprehensive land use strategy has been developed at such geographical scale, providing the basis to direct activities that address the climate and nature crises in our region. It provides a coherent and achievable programme of action, identifying regional priorities, linkages to national objectives and how national targets can be disaggregated, establishing a regional expression, the "voice of the South" that highlights challenges and opportunities and provides a delivery plan for success.

The pilot tested approaches at a full regional scale, covering the local authority areas for Dumfries & Galloway (DGC) and Scottish Borders (SBC), an area of over 11,000km² with a breadth of land uses and distinctive localities and broad range of stakeholder interests. The initial phase of stakeholder engagement concluded there was merit in aligning the governance with an existing cross-regional structure i.e. the Regional Economic Partnership (REP) established in 2020, with its vision to make the SOS greener, fairer and flourishing.

The pilot has been driven through strong partnership working, co-ordinated by SOSE, who provided an additional £135,000 of funds which enabled a much more extensive phase of stakeholder engagement and the commissioning of consultancy support. The process has enabled effective, collaborative partnership work between regional partners and provided a space for cross-sectoral discussions about priorities for land use. The opportunity to discuss critical land use issues between people with a broad range of interests has been a powerful one, with consistent feedback on the value of such participation, resulting in a better understanding of land use perspectives and a greater awareness of our natural capital and the services that it provides. The value of our approach is difficult to quantify but should not be underestimated, as it has been a crucial mechanisms to enable deeper conversations and fostering collaboration.

As an additional piece of work under the RLUP, linked to woodland expansion, particularly commercial forestry which was identified as both a land use challenge and an opportunity, SOSE and Scottish Forestry commissioned a study to investigate the opportunities for community benefits and community wealth building from woodland creation in the south of Scotland. A working group has been established to take forward a programme based on the recommendations from the report.

The SOS pilot has developed a cost-effective natural capital approach, making best use of relevant publicly available datasets to identify the natural capital baseline and opportunity areas for enhancement. In addition to the map based evidence, we developed a 6 stage approach that enabled stakeholders to increase their understanding of the natural capital concept. This involved building a baseline of land uses in the region, considering the drivers of land use change, exploring the potential benefits from enhancing natural capital assets and related impacts on other assets, e.g. native woodland creation and impacts on agricultural uses and open habitats and moorland and field sport interests and making recommendations for priority land use changes. This enabled discussions about trade-offs and prioritising land use change without recourse to complex maps and tools.

Natural capital decision support tools will be developed under the Borderlands Natural Capital Programme and the SOS RLUP is also one of the test areas for the NatureScot landscape scale natural capital assessment tool. The pilot also assisted the development of fellowship research by Assistant Professor Leo Peskett (now of Heriot Watt University) *Coordinating natural capital*

planning at a regional level: how can existing and emerging tools help? investigated how natural capital assessment tools can lead to natural capital approaches within strategic land use planning.

The development of our [Regional Land Use Framework](#) (RLUF) has, for the first time, pulled together a comprehensive land use plan covering all sectors and done so at a truly regional scale. The RLUF provides a coherent and achievable programme of action that identifies the regional priorities for land use change, how they link to national objectives and suggests how national targets could be disaggregated at a regional level. This helps set out what can be delivered in the region to achieve the national ambition for a range of land use objectives and targets and allows for a regional expression, the “voice of the South” to highlight both the opportunities to contribute towards those national objectives, but also importantly recognising where there are regional challenges in achieving those objectives. The RLUF provides a delivery plan to develop solutions to the challenges and actions to maximise the opportunities. It also forms the basis of a delivery plan for the emerging national Land Use & Agriculture Just transition Plans.

Galloway and Southern Ayrshire UNESCO Biosphere

The region is home to the Galloway and Southern Ayrshire UNESCO Biosphere, a 9800km² internationally recognised designation that covers land and sea. Designated in 2012 it works with businesses and communities in collaborative partnerships to deliver sustainability solutions for conservation, learning and the local economy. Galloway and Southern Ayrshire was the first UNESCO Biosphere in Scotland, which is a participatory not regulatory body that brings diverse, multi-sector groups together to work in partnerships for a sustainable future.

It celebrated its ten year anniversary in 2022, supported by a unique five year funding package from SOSE of £1.9M. This long term structured support has allowed the Biosphere to significantly expand its capacity to deliver sustainable solutions within a living, working landscape. Working across Dumfries and Galloway, South and East Ayrshire Council areas the enhancing funding partnership from SOSE has allowed the Biosphere to grow from 1.5 full time equivalent staff to 12, with an impressive range of experience and skills supporting natural capital innovation.

Mainstreaming biodiversity to deliver nature-based and climate change solutions

In 2021 SOSE’s Board and Senior Leadership Team undertook the Scottish Royal Geographical Society’s Climate Solutions Professional course, a structured mechanism for raising awareness of climate change implications and mainstreaming climate solutions into the daily operations of SOSE. The course consisted of four online modules and two workshops, each module delivering a deep dive into subject areas that built confidence in the science of climate change. The workshops provided a key opportunity for peer to peer learning and the opportunity to discuss sector-specific issues and build the foundation for activity across the organisation.

The positive impact of this led to the delivery of Carbon Literacy training for all staff, resulting in SOSE achieving a Silver award as a Carbon Literate Organisation. This level of awareness amongst all staff and the Board ensures climate and biodiversity implications are embedding in our decision making processes which impacts, not just the functioning of SOSE itself, but the decision making processes that determine how we allocate our funds to support our businesses and communities.

The allocations of our grants and loans undergoes a robust appraisal system which is constantly under review to reflect national and regional policy developments and priorities. Each application is assessed against a range of interrelated areas, including the contribution it makes to moving the SOS toward Net Zero and a Nature Positive future.

In April 2023 we launched the £1M Net Zero Accelerator Fund (NZAF), to complement SOSE's existing funding resources and advisory services. The fund is reserved for those project opportunities which can meet the following distinguishing criteria focussed on project output and impact towards the net zero and nature positive agenda:

- Scale of impact on the Just Transition to Net Zero
- Rate of acceleration of the transition, or project, due to funds intervention
- Replicability of project or its impact in other projects, organisations, or locations
- Resource efficiency and adoption of circular business models
- Reduced emission of greenhouse gases
- Enhancement or protection of biodiversity or natural capital
- Level of external funding leveraged due to fund intervention
- Enabling factor through the development of innovative solutions or technologies
- Catalysing of new markets and opportunities
- Development of skills, knowledge or infrastructure required to deliver the transition

Public engagement and workforce development

SOSE runs a wide range of engagement, skills and training events across the South of Scotland, such as regional agricultural shows, schools and colleges events, business development opportunities and entrepreneurial programmes. All of these are based on our aims and vision of becoming the first Net Zero and Nature Positive Region in Scotland, as it is a core part of our DNA.

In August 2023 we launched *The South of Scotland: Net Zero Starts Here* – a guide to investing in the Just Transition to Net Zero. This prospectus is a key response to the Just Transition to Net Zero as the greatest challenge of our time and as a progressive society we want to tackle the dual climate & nature crisis whilst developing a fairer and more equal society. We know that doing good is great for businesses and enterprising communities that's why SOSE have set out our clear intentions in this Investment Guide to attract the right kind of investment that works hand-in-hand with nature to help deliver our ambitions to maximising the opportunities our region offers, at the same time addressing climate change and biodiversity loss.

Through the Net Zero investment guide SOSE is playing a leadership role in championing the role of the SOS through:

- A renewable powerhouse delivering for the whole of the UK
- Natural capital innovation for nature base solutions
- Generating community wealth and the circular economy
- Driving change to become the UK's first Net Zero region

SOSE's achievement of gaining a Silver Award for Carbon Literacy showcases our commitment to raising our workforce's awareness and development on climate change and biodiversity issues. Undertaken the training led to the establishment of an internal staff led working group to explore our continuous improvement to deliver a Net Zero and Nature Positive future, including recommendations for changing daily working practises and volunteering with local environmental groups.

Research and monitoring

SOSE is heavily engaged with Scottish Government and national partner programmes related to the management of natural capital assets and the mechanisms we need to bring inward investment to the region to deliver a Nature Positive future. We have been engaged in a number of research projects over the reporting period, including:

WHEP

SOSE is working with NatureScot, private bank Hampden & Co. and other partners to pilot an approach for responsible private investment in nature restoration. We funded a feasibility study that worked with facilitators Tweed Forum and global impact firm Palladium, to identify opportunity areas for native woodland creation in the region expanding from the Wild Heart of Southern Scotland core area. This work has now progressed to the design stage, with SOSE as the major funder through the NZAF, and it is estimated that around 16,000ha of new woodland could be created in the pilot area with potential for up to £300M of private investment and around 6M tonnes of carbon sequestration.

Rethink Carbon

In 2021, in collaboration with Southern Uplands Partnership, The Langholm Initiative and the John Muir Trust we posed a CivTech challenge: *How can we use technology to help land managers make informed land use decisions and increase carbon capture and storage?* Land managers regularly face significant decisions on how best to use their land but the data required to support those decisions is often inaccessible or sparse, inconsistent or out of date. We wanted to enhance the ability of land managers to play their role in using land to make better decisions for carbon capture and deliver significant benefits for biodiversity.

The CivTech challenge led to the development of the Rethink Carbon platform that provides carbon sequestration and storage figures in seconds through a user friendly desktop or mobile app. It fully incorporates the Woodland Carbon and Peatland Codes calculators and can be easily extended to support future natural capital market codes.

The Rethink Carbon platform is also for use by communities, for ground truthing and local planning activities. By publishing surveys, land management options and asking for knowledge or practical input, land managers can really engage with communities as partners and stakeholders.

Biodiversity highlights and challenges

In September 2023 Scottish Government formally recognised the South of Scotland as the national Natural Capital Innovation Zone (NCIZ). This was the result of the culmination of the work SOSE and our regional partners have delivered, recognising the high importance of the region's natural capital to our communities and the economy, our strength in natural capital expertise, partnerships and projects, along with our commitment to realise further natural capital opportunities.

The NCIZ is the first of its kind in the UK and will act as a catalyst for the delivery of natural based solutions to drive the Wellbeing Economy. It is already being used as a living lab to

explore opportunities for addressing the twin crises of biodiversity loss and climate change, building on robust and proven relationships with existing organisations.

There will be challenging as we further develop our role as champions of the NCIZ. The SOS RLUP pilot has shown both the commitment and passion for further development, the challenge now is to move into an implementation phase. Stakeholders are keen that this “doesn’t collect dust on the shelf” but is progressed both in terms of influencing policy and in terms of action on the ground. This will require resources to both sustain a partnership at the regional scale, aligned with the REP, and dive deeper into a local landscape or sub-catchment scale, through participatory action. By applying our approach of innovative and entrepreneurial thinking SOSE is strategic placed and committed to deliver the first Net Zero and Nature Positive region, draw in responsible private investment and contribute to the delivery of the Wellbeing Economy.

