

## **SOUTH OF SCOTLAND ENTERPRISE – BOARD MEETING 2 APRIL 2020 – BY MICROSOFT TEAMS**

### **MINUTES OF MEETING**

<p><b>Board</b>          Professor Russel Griggs OBE (Chair)          Nick Halfhide, Chief Executive          Alistair Cameron          Professor Sara Carter          Alan Daubney          Helen Forsyth          Duncan McConchie          Lindsay McDowall          Kate Rowell (for part of meeting)          Jeremy Sainsbury          Hazel Smith          David Sulman</p>	<p><b>SOSE Senior Leadership Team</b>          Anthony Daye, Director of Finance          John Evans, Director of Enabling Services          Karen Jackson, Director of Strategy          Bryan McGrath, acting as Director of Operations</p> <p><b>Other SOSE staff</b>          Communications and Marketing Officer</p>
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### **WELCOME, INTRODUCTION AND APOLOGIES**

1. Russel Griggs, Chair welcomed members to the meeting. There were no apologies.

### **DECLARATION OF INTEREST**

2. There were no declarations of interest.

### **MINUTES OF 26 MARCH (paper SOSE (M) 3)**

3. The minutes were approved subject to an amendment (there had been *an 80p per kilo* drop in the price of lamb).

### **ACTION LOG**

4. The action log was noted. John Evans, Director of Enabling Services, confirmed that a Board Portal was being procured for secure access to papers and that *sose.scot* emails would be created for Board members.

### **COVID-19 - UPDATE**

5. Russel Griggs invited members to share their perspectives of the impact of the situation on the South of Scotland. Previous perspectives had been shared with the Scottish Government and shared with MSPs. Real time intelligence was important to shaping the national response. Russel Griggs highlighted discussions on rates banding, on self-catering, on the banks' operation of the Coronavirus Business Interruption Loan Scheme.

Members highlighted the following issues:

- **National support** – the scale of support from Government was welcome, with need to focus on public health well recognised. The one-off grants paid through local authorities were reaching businesses with cash now flowing. There were questions about the detail of how the schemes would operate to give businesses more certainty and an ability to plan ahead. Looking to the future, businesses would need to plan to re-open in a measured way, with stock to respond to demand.
- **Detailed questions on schemes:** there were questions about the operation of furloughed workers' scheme (when would the resources flow, who was eligible and detailed HR issues such as leave entitlement); clarity on the rates relief position (who was eligible); timing of when the specific guidance on construction and manufacturing sectors would issue; and support for the self-catering sector were there remained confusion.
- **Farming** – supplies were generally reaching farms with the better weather improving the position. The NFUS was encouraging farmers to make a plan to ensure farms continue to operate should the farmer fall ill. Future concerns were emerging:
  - from vets about maintaining the medicine supply chain; and
  - the need for agriculture labour – particularly in horticulture for planting and picking.
- **Forestry – woodland planting** was continuing, with those involved recognised as key workers, although individuals and squads had faced some local criticism from public at carrying on operations. There was currently an adequate supply of trees available for planting although there could be an issue about the ability for the trees to be graded before dispatch. There was also a potential challenge around ability to carry out wildlife surveys which could impact on next year's planting if the data were not available. There was also a specific issue around the requirements to complete planting by certain date to meet grant conditions. **Harvesting** continued with market demand (biomass) although some sawmills had ceased production with their staff furloughed as construction trade demand decreases. The sector was able to meet requirements of plant health notices e.g., felling diseased larch crop. Many chainsaw operations were suspended (given the risk of injury and pressure on emergency services should there be an accident) and this could create future supply issue.
- **Energy** – was defined as critical infrastructure in Scotland and the sector was keen to see testing expanded to their key workers so work could continue. While supply operations were continuing well, there would be an impact about the ability to carry out construction work on sites and that risk inspections could not take place.
- **Tourism** – there was concern about the position of support for self-catering and rural hotels falling outwith banding support. On-line travel agencies had not been sympathetic requiring payment. Operators were looking for clarity about the furlough scheme so they had reassurance and could plan cashflow. There would be an impact across supply chain as if venues were not open that would impact on hotels and if hotels were not operating that would impact across a wide variety of local trades. The shut-down had come at the most damaging time of the year (following the winter low season when businesses look to re-open and build reserves) and so threatened to have a disproportionate impact on their viability compared to other sectors. This was challenging for the South as they were key employers in many communities throughout the region. Planning for an advertising campaign (both local and further afield) to restore confidence and bring visitors back to the South would be an important future action.

- **Third sector** – the £350m support package was welcome and those resources needed to be distributed, quickly reaching organisations and communities most vulnerable and in need. Housing associations were only carrying out emergency work which would mean that they don't meet regulator requirements around planned maintenance. The mental health of the vulnerable was an increasing concern as was the increase in domestic violence. Clearly the situation was impacting on organisations, which were using reserves where they had them to keep going. Third sector was also furloughing staff who were supporting the volunteering effort locally. There was an emerging gap in support for people who regularly work for third sector organisations on short term contracts.
- **HE/FE** – the sector was furloughing their own staff and looking to delay the start of the economic year. The campus was closed in Dumfries with staff supporting the volunteering effort. It would be important for funding bodies to support institutions (including through students grants and fees). It will be important at the appropriate time to encourage students back to institutions, particularly local colleges, giving them confidence to take up training opportunities.
- **SMEs** – SMEs are looking for details of support to enable them to understand cashflow and workforce implications and plan to keep going. Cashflow remains the key issue for many. There is a concern about repayments on investment in capital equipment (particularly engineering) and the attitude of third tier lending providers who are not as sympathetic to loan holiday payments. There will be an issue for businesses to submit VAT returns for May although there is welcome flexibility from regulatory authorities including with deadlines for submitting accounts. The accessibility and appropriateness of bank funding remains an issue and the changes to the CIBIL scheme will be welcome.
- **Community** – community spirit still strong, with widespread examples of communities coming together.

### **SOSE RESPONSE (SOSE (20) 7)**

Russel Griggs thanked members for their insights and turned to SOSE's response. Karen Jackson, Director of Strategy introduced paper SOSE (20) 7 which gave an overview of national activity to understand the impact of COVID-19 on businesses and to develop the national economic framework of support. It highlighted engagement with the two local authorities and the shape of the South of Scotland economy. The paper then set out a range of potential areas to shape SOSE's report for the Board's views.

The Board considered the options and stressed the need for quick and focused activity responding to immediate needs but also looking to the future response. While recognising the staffing capacity, the Board wanted to ensure resources were prioritised on delivering SOSE's response.

The Board agreed the following actions:

Immediate (for Board on 9 April)

- An analysis of business needs in the South of Scotland was required – to provide an overview of the views of and impact on businesses with a relationship with the public sector – an approach to account managed and business gateway relationship managed clients to understand their position and need.
- The analysis of intelligence from businesses should be used to identify gaps in support available and support the priorities for SOSE support – both in terms of immediate support and what is needed in the future as business weather the immediate crisis and reflect on what they need to re-start the economy.

- That financial support was required to fund businesses to engage specialist financial accountancy support to understand financial viability and improve financial readiness for discussions with potential lenders/funders. The initial focus for this scheme could be those companies where there was an existing relationship but should be broadened out according to clear priorities.
- Immediate work should be taken forward to explore the potential for an on-line viability checker for businesses refused bank funding to enable them to look at alternative sources of funding.
- Take forward place-based analysis to identify key businesses/organisations vital to community resilience.
- It was important that SOSE continued to work closely with HIE and SE to ensure enterprise agencies learned from each other's approaches and to work closely with the two local authorities to maximise impact of regional resources.

#### Longer term work

- Further work should be taken forward to develop proposals for an interest free loan scheme or for conditions for grants that could support the outcome of findings from initial work with businesses and support those falling through the gaps. This would need to be prioritised given the size of the business base in the South of Scotland (with over 11,500 businesses based in the region).
- Plans should be developed for a future survey of business need (recognising that business organisations and sectoral organisations were surveying their members and the Office of National Statistics were planning surveys).
- Clear communication was important, and any schemes developed needed to be transparent and clearly communicated using websites and social media, including facebook.

#### **DATE OF NEXT MEETING**

6. The next meeting would be on 9 April 2020.

#### **ANY OTHER BUSINESS**

7. A Board member requested an updated organisational chart to be circulated. Russel Griggs thanked members for their participation and closed the meeting.

SOSE Board Secretariat – 6 April 2020