

SOUTH OF SCOTLAND ENTERPRISE – BOARD MEETING 14 MAY 2020 – BY MICROSOFT TEAMS

MINUTES OF MEETING

<p>Board Professor Russel Griggs OBE (Chair) Nick Halfhide, Chief Executive Alistair Cameron Alan Daubney Helen Forsyth Duncan McConchie Lindsay McDowall Kate Rowell Jeremy Sainsbury Hazel Smith David Sulman Professor Sara Carter</p>	<p>SOSE Senior Leadership Team Anthony Daye, Director of Finance John Evans, Director of Enabling Services Karen Jackson, Director of Strategy Bryan McGrath, Director of Operations</p> <p>SOSE Attendees Tracey Graham, Communications and Marketing Manager Susan Cannon, Corporate Governance Lead</p> <p>Guests A representative from NFUS</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. Two Board members declared an interest in item 5.2 (update on the pivotal and hardship fund)

MINUTES OF 30 APRIL (paper SOSE (M) 7)

3. The minutes were approved with one amendment to Item 12 re. funding support.

ACTION LOG

4. The action log was noted. There would be an update on the Board's SOSE email addresses at the next meeting.

COVID-19 FOCUS ON IMPACT ON FORESTRY AND FARMING

5. An update was provided on the impact on the farming /livestock sector. Farmers, as primary producers, had not generally been affected by the virus and had carried on working. The whole sector had been designated as key workers early on which was vital in helping resolve issues.
6. The key points from the farming / livestock update included:
 - The sector relied on the entire supply chain functioning e.g. haulage, processing and abattoirs.

- Discussion about abattoir provision in the South and potential opportunity – e.g. for community owned abattoir (looking at model on Shetland or Mull) as key rural infrastructure or potential for commercial provision.
 - Some processors had rationalised their brands and there had been a reduction in labelling which may mean that Scottish or Local information is not on some products.
 - There had been a significant decrease in demand for red meat. The hind market had also declined.
 - There had been uncertainty around exporting e.g. lamb market and exports to China.
 - Concerns were raised about different funding support being offered by other countries to contribute to wages e.g. Ireland, demand for migrant labour continues with skills and expertise.
 - Difficult to predict future consumer behaviour e.g. return to eating out.
 - Local butchers had seen a surge in demand.
 - There had been few staff furloughed. Lantra were still offering matching support.
 - Brexit and new legislation were areas of concern.
7. A representative from NFUS provided an update on the dairy and fruit and veg sector. This sector will need to work in a different and new way and there was a potential opportunity for the South to lead on this. The key points included:-
- The main concern for dairy had been the drop in prices, and over supply due to closure of markets.
 - The key issue for the horticulture, fruit and veg sector had been social distancing and the fact the majority of the labour tends to come from abroad.
 - Business models were being reviewed with diversified farms facing a challenge.
 - The capacity of broadband would be a future challenge as work continued to be done online.
8. An update on the forestry sector was provided, which is a large part of the economy of the south of Scotland. The key points included: -
- It is a key part of economy and faces similar challenges in the South as the rest of Scotland.
 - The sector was diverse so the impact had been felt differently – some businesses had continued as they are providing essential products and had put in place physical distancing – the recovery would be determined by demand including the opening of construction sites.
 - There was continued interest in investment in forestry, which the South would be well placed to capitalise on – forestry was seen to be resilient and would be able to adapt to the new normal.
 - There was a supply chain imbalance and interdependencies challenge – haulage companies had been taking wood to England but there was no demand for construction materials such as bricks that usually formed the return trip
 - There was some suggestion that suppliers were not being paid in a timely manner and this was being monitored.
 - There remained good investment in Scottish forestry and the current situation did not appear to have slowed this down.
 - Many sawmills had closed. However, the wood, the fuel, and packaging sector had enabled some businesses to continue operating
 - Potential exercise to engage with young people around the opportunity of working in the forestry, timber or haulage industry.
 - Harvesting was not a concern at the moment as many contractors lived on site

SOSE FUNDING PRIORITIES

9. John Evans, Director of Enabling Services, advised they were halfway through the applications with the first batch of funding released yesterday. SOSE was cross referencing with the Local Authorities on due diligence. The following points were noted:

- Applications of on or over £150k will go forward for ministerial approval
- SOSE will contact applicants that have been rejected rather than send a letter
- SOSE needed to consider how they handle requests e.g. FOIs on who has received funding.

DEVELOPING SOSE FUNDING PRIORITIES

10. Karen Jackson, Director of Strategy, presented on the how the Board would want to prioritise SOSE spending for 20/21 with an immediate focus on the next 6 months. The presentation also covered an overview of the budget and what was still to be committed and a proposal on prioritisation for the Board's consideration. The following key points were noted:

- Concerns around a focus on a specific sector such as food and drink may raise concerns and give the wrong message.
- Suggest the focus needed to be place and needs based.
- There needed to be more explicit reference to innovation as part of the recovery.
- SOSE needed to build communities capacity and ensure communities understand it's not just assets it's also about the wider economy and they need to be creative with their proposals.
- Inclusion and recognition that SOSE would want to build high end jobs to attract people to the area.
- Suggest SOSE needed to build on making vital industries as attractive as possible for local people to work in and undertake marketing and promotion activities to achieve this.
- Noted that reference to growth was not necessarily the priority for all and suggest consideration needs to be given to depth and sustainability in the economy.

It was agreed to remove the reference to a specific sector.

PROJECT FUNDING APPLICATIONS

The Board considered one project funding application which was agreed.

“Details of projects funded, and their values are published by SOSE on a quarterly basis once all relevant contractual terms have been agreed. Please refer to the SOSE website for information on the Grant Funding that we have distributed. [SOSE - Accessing our information](#) “

CHAIR'S REPORT

11. The Team South of Scotland continued to meet two weekly and liaising with local authorities on their post COVID economic development plans. The Chair continued discussions with trade organisations and would be holding discussions with housing bodies including RSLs, forestry and food and drink groups. The SOSE Chair was meeting formally with Fergus Ewing, Cabinet Secretary for the Rural Economy, once a month.

AUDIT COMMITTEE UPDATE

12. The SOSE Audit Committee met for the first time on 13 May. The group discussed a forward plan and the approaches for external and internal audits and approaches to risk and corporate risk

register. They also considered budget allocation and monitoring and the direction on SOSE's first set of accounts.

CHIEF EXECUTIVE'S REPORT

13. Bryan McGrath, Director of Operations, formally started that week which meant the SOSE SLT was now complete. Bryan would be continuing recruitment of the operations staff which would bring more operational capacity over the next couple of months. SLT were meeting fortnightly with the focus over the last two weeks around the hardship and pivotal fund. The CEO had meetings recently with the SRUC, CONFOR, Heritage Lottery, Crown State Scotland, and Annandale Distillery.

DATE OF NEXT MEETING

14. The next meeting of the Board would be on 28 May.

ANY OTHER BUSINESS

15. The Advisory Board on Economic Recovery – the Chair of the Advisory Board had written to SOSE inviting them to provide a written response to questions on recovery. SOSE would work with the Team South of Scotland Leadership Group to provide a joint response setting out the perspective from the south. The Board were asked to consider the questions, suggested responses and whether others should be involved in the consultation process. Key points noted:

- The questions raised a range of issues and the response should focus on key issues for the South
- The third sector would have a valuable perspective to bring
- Board members offered support in preparing the response.

16. The Chair, Karen Jackson and Nick Halfhide had met with the Place and Wellbeing Group which brought together a number of Scottish Government Directors. The group focused on aligning activity to support wellbeing across all areas of policy within Government and they looked to the south of Scotland to help test some of their ideas. This was potentially a good opportunity for the south for engagement and also for funding, but SOSE needed to ensure they are not just used as a test and that the work was integrated into what we want to do.

17. The Board asked that further consideration be given to how the Board could have a discussion about SOSE future strategy, despite the lock down conditions.

18. Russel Griggs thanked members and closed the meeting.

SOSE Board Secretariat – 22 May 2020