



Annual & Report Accounts

1 April 2024 –
31 March 2025

Contents

PERFORMANCE REPORT	3
Chair and Chief Executive's Foreword.....	4
Overview: About SOSE.....	6
Performance Summary	10
Performance Analysis.....	17
Performance Conclusions.....	36
Financial Performance	37
Public Interest Reporting.....	42
Sustainability and Environment Report.....	44
ACCOUNTABILITY REPORT	49
Directors' Report.....	50
The Statement of Accountable Officer's Responsibilities.....	52
Governance Statement.....	53
Remuneration and Staff Report.....	60
Parliamentary Accountability Report and Audit Report.....	67
Independent Auditor's Report	71
FINANCIAL STATEMENTS.....	75
Statement of Comprehensive Net Expenditure.....	76
Statement of Financial Position	77
Statement of Cash Flows	79
Statement of Changes in Taxpayers' Equity	80
Notes to the Accounts.....	81
ACCOUNTS DIRECTION BY THE.....	113
SCOTTISH MINISTERS	

South of Scotland Enterprise Act 2019 South of Scotland Enterprise Act 2019 Accounts of the South of Scotland Enterprise (SOSE) are prepared pursuant to section 15 of the South of Scotland Enterprise Act 2019, for the year 1 April 2024 to 31 March 2025. Together with the independent auditor's report to the members of SOSE, the Scottish Parliament and Auditor General for Scotland.



The cover features a dark purple background. On the left, there is a large, abstract shape composed of a white triangle at the top and a teal circle below it. The text 'Performance Report' is centered horizontally, with 'Performance' in white and 'Report' in dark purple. In the bottom right corner, there is a small white shape with a teal accent, containing the number '3'.

Performance Report

Chair & Chief Executive's Foreword

This annual report is a particularly significant one, as it marks South of Scotland Enterprise's fifth anniversary.

South of Scotland Enterprise was established in April 2020 to create a new and different type of economic development agency.

We were built with our communities to drive inclusive growth, increase competitiveness, and tackle inequality across Dumfries & Galloway and the Scottish Borders.

We started almost on the same day as the first COVID lockdown, one of a series of unprecedented challenges we have all faced over the last five years, including the cost-of-living crisis and geopolitical instability.

These challenges have allowed us to engage more closely with our communities and businesses - who have a resilience and will to succeed and flourish which continues to inspire us all at SOSE.

This joint vision, ambition and determination is now paying dividends.

With our partners in Dumfries & Galloway and Scottish Borders councils, we have played a key role in the creation of our Regional Economic Partnership.

As Team South of Scotland, we are working together to make a significant impact to tackle the three grand challenges for our region - Housing, Transport and Skills.

Our Housing Action Plan, launched in the summer of 2024, set out tangible actions we are taking forward to make a difference. Two of those actions - the Key Worker Housing Report and the South of Scotland Housing Prospectus - have been launched in 2025.

By grasping all the opportunities we have, we are making a real positive impact on our region's economy, community and environment - all involving real innovation - and acting as a catalyst to spark progress.

The success stories and positive outcomes keep us all focussed on the job we all have to do, in making our region the place we all want it to be.

In terms of summarising some of those actions and success stories:

- SOSE has engaged with over 2,000 organisations, with over £10million approved to 558 client facing funded projects across the South, supporting nearly 400 jobs in the past 12 months.
- We are unlocking ambitions of new entrepreneurs - through our coaching and events we supported over 3,000 people, and launched pilot project Pathways, which has worked with 262 women and people from under represented groups to create over 100 businesses.
- We are supporting female-led business, with 374 (67%) of the organisations approved for funding being female-led.
- 2024 saw the South designated by the Scottish Government as the world's first Natural Capital Innovation Zone. This will help Scotland address the twin climate and nature crisis through attracting responsible investment, driving forward innovation and furthering natural capital opportunities, strengthening our prosperity.
- More and more businesses are looking to invest in the region - with enquiries having increased over 400%. Land for new investment is vital and we are setting up a directory of all commercial land and property available across the South, as well as developing the Energy Transition Zone beside Chapelcross to encourage green energy production.
- The announcement by Center Parcs to create its first Scottish holiday village in the Scottish Borders is one of the biggest ever investment proposals for our region. It will positively impact many people in many ways.

While funding will always be an important part of our toolkit, our real value as a development agency is the knowledge and expertise our staff bring to help communities and businesses to plan and grow for the future.

Support for businesses, enterprises and community groups across the South is provided through our staff expertise, this 'invisible' impact is vital, valued by those we work with and is where we make our biggest impact.

We have also created a number of dedicated funds – including Net Zero Accelerator Fund, Cycling Infrastructure Fund and CreaTech Fund – supporting our creative economy, while we support our communities and businesses to also access funding from other sources such as government and charities.

Working again with partners we have also aimed to make sure that the South of Scotland's voice is heard in places where it was not before.

Working in partnership with others, both in the South and elsewhere, has been key to what we do from day one.

We continue to develop innovative frameworks and partnerships to help unlock inward investment opportunities in the South of Scotland.

Working with others therefore remains at the heart of what SOSE is, and does.

An example includes the UCI Bike Region Label status, and earning a nomination for the first UCI Cycling for All & Sustainability Awards in the UCI Bike City Category in 2024.

We continue to advocate for Fair Work across the South of Scotland, with all SOSE grant funding recipients now required to pay the real Living Wage – a crucial step forward for one of the lowest paid areas of Scotland.

We are just at the beginning of our journey together, with many exciting opportunities ahead for our region, which is, coast to coast, perfectly placed in the middle of the UK.

We remain 'For the South, By the South and In the South'.

And we will continue to work closely with partners, businesses and communities to seize the opportunities ahead, and create the rural economic powerhouse we know the South of Scotland can be.



A stylized, handwritten signature in black ink.

Professor Russel Griggs OBE
Chair, South of
Scotland Enterprise



A stylized, handwritten signature in black ink.

Jane Morrison-Ross
Chief Executive,
South of Scotland Enterprise

Professor Russel Griggs OBE
Chair, South of Scotland Enterprise

Jane Morrison-Ross
Chief Executive, South of Scotland
Enterprise

Overview: About SOSE

This section provides a brief overview, encompassing our history, vision, mission, values, strategic priorities, activities, impact and our business model and environment. It also highlights key risks and uncertainties, and how these are being managed.

History and statutory background

SOSE was established by the South of Scotland Enterprise Act 2019 when the Scottish Government recognised the need for a dedicated agency in the South of Scotland (SoS) to meet the distinct challenges and opportunities of our rural region.

SOSE has a statutory duty to undertake economic and social development across the South, incorporating the regions of Dumfries and Galloway and the Scottish Borders. Our statutory duties are to:

- further the sustainable economic and social development of the South of Scotland; and
- improve the amenity and environment of the South of Scotland.

Our vision, mission, values and priorities



Our vision

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

We are here to be bold and ambitious, to take risks and to do things differently to make things happen in our unique region.

***We are...
FOR the South,
BY the South and
IN the South***



Our mission

is to bring people together across the SoS 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, enterprises, and communities. We will lead the way in thinking bigger, doing things better and unlocking the great potential of the South. Working with others, we will put our Values into action through our Mission by consistently:

- Speaking with, and for the South
- Grounding action in evidence
- Doing things differently
- Empowering and supporting



Our values

are at the heart of all we do. They have been shaped by a process of collaboration and are grounded in the understanding of the South and its needs.

We will be:

- **Inclusive**
- **Responsible**
- **Bold**
- **Striving**

Our strategic priorities

Our Five-Year Plan (2023-28) is part of a collective effort to create a regional and national wellbeing economy in support of the National Strategy for Economic Transformation’s (NSET’s) ambition to create prosperity for everyone in Scotland. Available on our website here: [our-five-year-plan](#).

Our six areas of strategic focus ‘Our Six A’s’ are rooted in the needs and ambitions of the South of Scotland. They have been shaped from the messages we heard in our engagement from the people who live, work, and operate here.



Business model and environment



Our Board

leads us with a broad range of local knowledge, experience, and interests and is brimming with enthusiasm and passion for the South of Scotland.

You can meet our Board and the SOSE Team on our website: www.southofscotlandenterprise.com/about/board
The Board uses its experience to effectively steer the direction of travel and work of SOSE.

CEO and Senior Leadership Team (SLT)

drives delivery and activity via four directorates

Finance and Corporate Resources	Net Zero, Nature and Entrepreneurship	Place and Enterprise	Strategy, Partnership and Engagement
<p>Responsible for a range of core functions:</p> <p>Accounting, Audit, HR, Training and Development, Information Governance, Procurement, Property, Finance, Risk and Compliance, IT and Corporate services.</p> <p>Main purpose is to advise and guide colleagues, utilising both internal expertise and external collaboration with partner agencies.</p>	<p>Responsible for developing and driving our strategy to support a just transition to Net Zero and address the biodiversity crisis. Uses a collaborative approach to build a culture of optimism and wellbeing and to drive entrepreneurial activities to help deliver a fairer and greener economy.</p> <p>Focuses delivery against NSET themes and works collaboratively with stakeholders and partners.</p>	<p>Responsible for supporting and delivering projects and activities to create sustainable and inclusive growth for our region. A range of project managers, technical, sector, business and communities’ specialists work with organisations of all shapes and sizes and regional groups.</p> <p>Provides wide range of support, incl. advice, guidance, critical friend role, signposting to support and funding sources.</p>	<p>Responsible for strategy, policy, communications, strategic engagement and building diverse, robust relationships with local, regional, and national stakeholders. Liaises with Scottish Government and seeks to be an influential voice for the region.</p> <p>Supports Board in setting strategic direction, Action Plan development and engagement with Team South of Scotland, the Regional Economic Partnership (REP) and key partners.</p>

Partnerships & collaboration

Working collaboratively is vital to maximise impact on our unique region. We work with Scottish Government (SG) and key partners to consider critical issues; seek solutions and align strategies and resources to national and regional priorities such as NSET, National Performance Framework and the annual Programme for Government. Strong partnership working is key to our mission and in supporting national and regional goals.

By working collaboratively, we are striving to ensure important issues affecting the South of Scotland's economic development and our communities are at the forefront of decision-makers' agendas and universal solutions are sought. We take a proactive role to facilitate and challenge, to influence positive change and action in priority areas such as housing, skills, and transport.

We continue to build robust partnerships across a range of stakeholders from private, public and the third sector, strengthening the influence and potential of the SoS. Key partners include, Highlands and Islands Enterprise (HIE), Scottish Enterprise (SE), Regional Economic Partnership (REP), Scottish Borders and Dumfries and Galloway councils, VisitScotland, Borderlands, Convention of the South of Scotland, Scottish National Investment Bank (SNIB), Scotland's Rural College (SRUC), Napier University, Colleges and schools.

Delivering in Partnership, in 2024/25, we:

- **Helped establish refreshed regional priorities** to enable collaborative focus and action via development and launch of the REP's 2025-27 Delivery Plan.
- **Raised awareness of the REP**, its aims and impacts for the SoS; overseeing launch of a new website and dedicated social media channels.
- **Enabled regular and effective coming together of key regional partners** to drive forward the vision for a green, fair, and flourishing SoS; host the REP's dedicated secretariat who facilitated four effective meetings and the refresh of membership.
- **Helped translate shared ambitions into action**; providing the leadership and capacity to develop and launch the South of Scotland Housing Action Plan; aimed at creating more homes of all tenures as a key enabler of growing our economy.

Principal risks and uncertainties

Our risk management framework is aligned to the Scottish Public Finance Manual (SPFM) and FReM guidance. Our Board maintains oversight of the framework, specifically by reviewing Corporate Risks and approving the annual risk appetite ratings and statements. Board delegate to the Audit and Risk Committee (ARC), who review strategic level Corporate Risks facing SOSE and obtain assurance on Directorate Risks as well as major project risks.

Supported by the Risk Assurance function within the Governance and Assurance Team, the Senior Leadership Team (SLT) manage risk across corporate, directorate and major project risk registers, reporting to Audit and Risk Committee and overseen by Board. We operate a robust Risk and Internal Audit Policy to ensure good governance of risk, and we maintain a risk database for all registers at major project, directorate and corporate levels.

Regular review of risk registers by SLT is informed by horizon scanning which is undertaken regularly and considered six-monthly by Audit and Risk Committee to identify emerging external threats and opportunities to SOSE, that may present uncertainty and therefore potential risk. The PESTELS (Political, Economic, Social, Technological, Environmental, Legal and Security) chart is used to capture horizon scanning reviews and is maintained and updated throughout the year.

Risk Appetite is set annually by our Board on the advice of ARC.

Risks identified from across the business are captured and managed in the Ideagen risk management database which supports monitoring and reporting to SLT, ARC and Board and contains the risk registers, with planned actions for mitigating risk maintained by risk owners. Risks are escalated from operational teams, projects or identified from horizon scanning at SLT, ARC and Board. Corporate risks, with their rating, mitigations and relevant risk appetite, are considered as part of decision making on projects, funding support and other intervention decisions. Risk registers drive decision making so that business decisions are made, and risk is taken within tolerable risk appetite as set by Board, so that the impact of mitigations to manage risks improves the likelihood of successful outcomes and positive future outcomes.

At the end of 2024/25 there were seven strategic level Corporate Risks, as follows:

MySOSE Project

Implementation and continuous improvement of this major business project is important to ensure staff engagement and customer service are delivered by the new system. We recognise careful management of project delivery and future system developments are needed for a successful outcome and to meet staff and customer expectations.

Resource Capacity

Risks associated with delivery of our expanding remit are understood. Failure to define and/or resource new Scottish Government (SG) expectations in the facilitation of innovative approaches to deep-seated regional issues, such as housing and transport challenges, may result in both reputational impact and limited progress in these areas.

Mountain Bike Project

This major project continues to be a top strategic priority for the Board. If there are delays in the Mountain Bike Project including delays when creating the Final Business Case, then there may be programme delay, resulting in delayed benefits to the region causing negative publicity, loss of confidence and ultimately loss of funding for the project and associated inward investment for the region.

Staff Resilience

If we do not successfully support, maintain, and develop staff resilience then the organisation may not successfully deliver its objectives in the current economic climate.

New Strategic Direction

If staff, Board, clients and partners do not support or work towards delivering SOSE's New Strategic Direction, then there will be inefficient use of resources, poor staff, client and public engagement and reduced confidence from SG and result in reputational damage.

Cyber Security

The potential impacts of a major cyber-attack or cyber incident are recognised, and mitigations are continually reviewed and updated to minimise financial loss, reputational damage, and business disruption.

Scottish Governments Shared Service Arrangements

If Scottish Government roll out their plan for all Public Bodies to use a centralised suite of business systems and their SDS restructure, then SOSE may experience significant impacts to system development, functionality, support, infrastructure changes and support levels.

Emergent issues may arise in the forthcoming year from opportunities relating to large scale programmes within the region. Along with the impacts of budget constraints, the continuing cost-of-living crisis and associated impacts on communities, housing and infrastructure in the region, global and national political issues, and challenges for businesses around Net Zero and Fair Work conditionality.

Performance Summary

This section gives an overview of our impact against our Performance Measurement Framework (PMF) principally through our Primary Measure out-turns and supporting data. This aligns with our priorities, 'Our Six A's,' which include the cross-cutting theme of fair work and equality which is core to all we do. It also highlights some of SOSE's achievements and challenges during 2024/25.

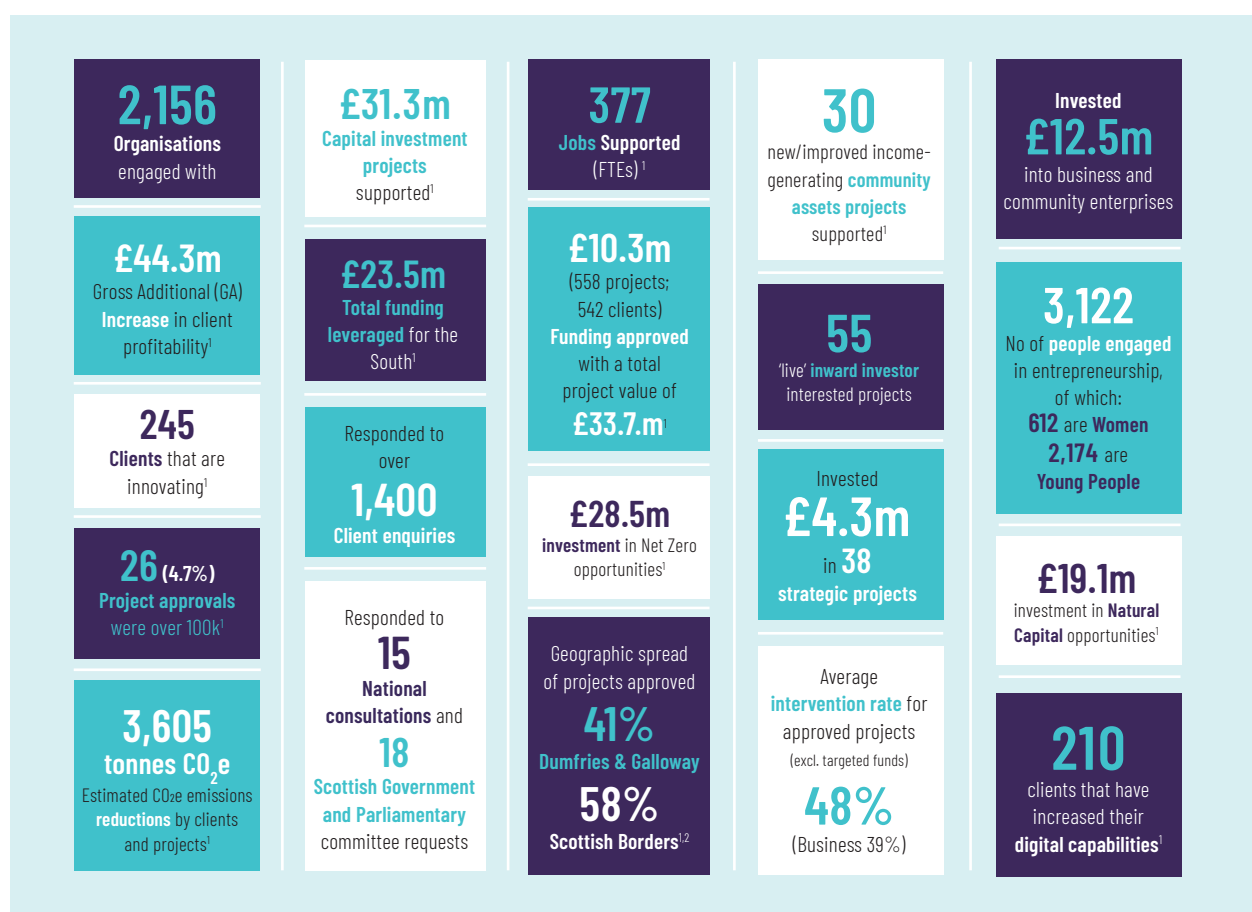
2024/25 is our second year of capturing Primary Measure data and in becoming more data-driven and intelligence led.

Data needs to be analysed over time and the very nature of time lags in data capture has resulted in setting raw targets with low evidence base and thus some targets have been greatly surpassed or not achieved.

We will review, reflect and remodel realistic yet ambitious targets for 2025/2026, which are underpinned with increased data intelligence and analysis.

During the past year we have continued our path to develop into a strong, ambitious, and active partner for the good of our region and be a positive catalyst. The following pages celebrate some of the achievements of our region, our partners, our businesses, our communities, and our team. SOSE does nothing in isolation and hence the language and reality is 'We/Our' means the combined effort of the South of Scotland with the support of SOSE.

A snapshot of our impact:



1. Activity in relation to client funded projects
2. Remainder across the South

Performance against Target Analysis

There has been significant progress against a diverse range of activity this year. Opportunities and challenges have impacted out-turns against our Primary Measures and the external context and other factors need to be considered:

- Initial optimism and strengthening economic indicators in the first few months of 2024 gave way to a slowdown in growth and increased economic anxieties in the latter half of the year. Organisations faced persistent challenges including recruitment difficulties, weakening demand, declining confidence and rising costs.
- 2024/25 fiscal year saw funding reductions across various investment and regeneration programs due to broad economic factors and directly impacted the ability to leverage external funding; our contribution is often a critical catalyst in attracting additional investment.

Primary measure outcomes

(Client-facing, approved funding)

Primary Measure	2024/25 Target	2024/25 Forecast out-turn	Target rating	2023/24 Forecast out-turn
No. people engaged in entrepreneurship	1204	3122	●	1455
- Proportion of people engaged in entrepreneurship who are - Women	/	612		478
- Proportion of people engaged in entrepreneurship who are - Young People	/	2174		805
No. clients that are innovating	86	245	●	106
Total capital value of projects supported	£32.7m	£31.3m	●	£38.7m
Gross Additional Increase in client profitability	£52.5m	£44.3m	●	£61.4m
Gross Additional Increase in client turnover	£178.9m	£147.6m	●	£208.4m
Proportion of increase in client turnover from Green/Inclusive/Community enterprises	28%	37.5%	●	32.2%
- Proportion of increase in client turnover from Community enterprises	/	5.4%		0.9%
- Proportion of increase in client turnover from 'Green' enterprises	/	32.1%		17.3%
- Proportion of increase in client turnover from Inclusive enterprises	/	5.4%		19.5%
No. new/improved income-generating community assets projects supported	13	30	●	15
Total value of funding leveraged	£39.1m	£23.5m	●	£43.3m
Value of inward investment opportunities secured	£6m	£4.4m	●	£6.7m
Value of investment in Net Zero opportunities	£34.4m	£28.5m	●	£40.8m
Estimated tonnes CO ₂ e emissions reduction supported	4300	3605	●	4632
Value of investment in Natural Capital opportunities	£2.3m	£19.1m	●	£2.7m
No. of jobs supported	1290	377.2	●	1706
No. clients that have increased their digital capabilities	28	210	●	32

* Performance is a forecast, as it relates to the expected out-turn from SOSE interventions at the point of approval.

* Young people figure reflects our engagement with Young People, including collaboration and engagement at partner events.

* CO2 emissions data capture and reporting methodology changed in 2024/25 from 2023/24.

* Targets adjusted in-year by -14%, aligned with capital budget reduction.

* Target rating: Blue >100%, Green within 20% tolerance, Red outside 20% tolerance.

Primary Measures' Analysis

- It became apparent in-year that the early adoption of targets from a low evidence base was not practical and thus targets were reduced by 14% in line with our capital budget reduction, and tolerances were applied. Targets are being reflected upon and remodelled for 2025/26. Measures rated 'red' are out-turns exceeding tolerance.
- Each year and project are unique; 2025/26 targets will be reviewed and remodelled to reflect current experience, learning and further data capture.
- Eleven out of 14 targets are rated green or blue; the six rated blue are those well-exceeding targets, including value of investment in Natural Capital opportunities by more than eight-fold - which demonstrates positive activity relating to the Natural Capital Innovation Zone and in being driven as a strategic priority.
- Our support was vital in enabling communities to purchase/improve 30 community assets. Notably, resulting in the forecast of a £6.6m increase in gross additional turnover over the 3 years following project completion, ensuring long-term sustainability and benefits for their communities.
- The Pathways pilot helped exceed three targets: number of clients innovating by more than two-fold; clients increasing their digital capabilities by more than seven-fold and number of people engaged in entrepreneurship by more than twofold.
- The three targets rated red were largely due to the disproportionate impact of individual projects in 2023/24 on both out-turn and expectations.
 - Value of inward investment opportunities - two projects alone accounted for 67% of total 2023/24 outturn. In 2024/25, we attracted a significant increase of interest and confidence in our region's potential with 55 'live' opportunities. Significant work in 2024/25 was seeking to progress opportunities and in building strong foundations and potential impact for years to come.
 - Jobs - four projects in 2023/24 forecast safeguarding 1,138 jobs and creating 117, equating to 74% of total out-turn. There is need to factor in possible lag following covid response, lower business confidence levels, increase in NI employer contributions and wages plus national/global economic challenges.
 - Total value of funding leveraged - was not met, however, we achieved an increase of 50% in the number of projects attracting additional investment in 2024/25 (132) compared to 2023/24 (88).



CASE STUDY

Kirkhope Steading

As performance is typically measured by out-turn forecasts at point of funding approval, we undertook visits to sample completed projects and explore actual outcomes. Ettrick and Yarrow Community Development Company and the redevelopment of Kirkhope Steading to workspaces and accommodation was approved in 2021.

The project has achieved all agreed outputs and outcomes, including affordable housing provision of 2 new build and 3 refurbished homes, 7 workspaces, parking and agricultural land for leasing; network enabled facilities and connectivity optimised for lower cost-in-use and energy utilisation, support of local employment, improved household's economic resilience utilising low carbon technologies and energy storage, and utilise local supply chains.

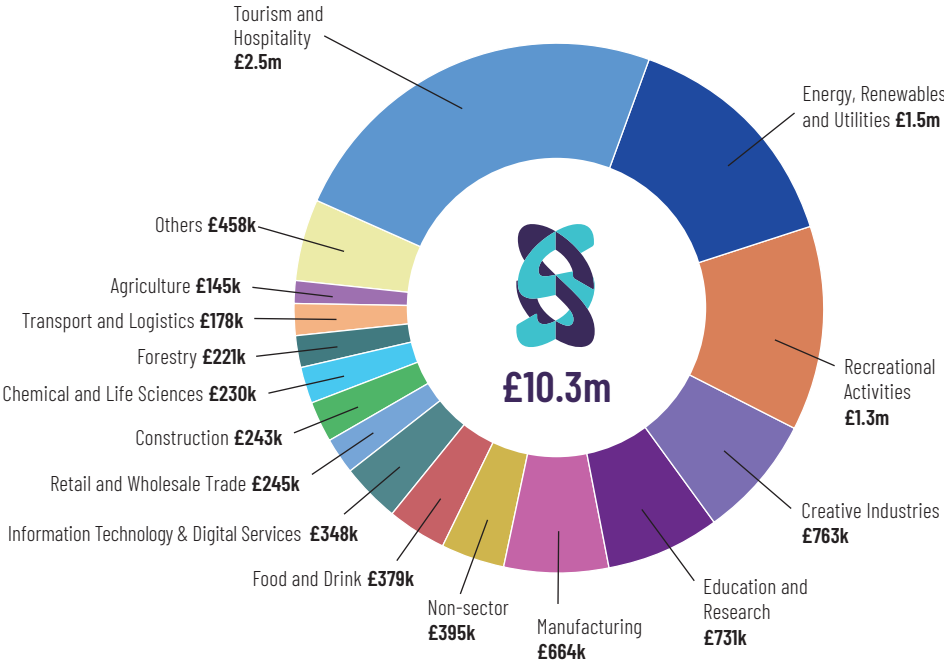
The houses and workshops are A-rated for energy efficiency, having PV panels, battery storage, ground source heat pumps and an EV charging point installed. 11 construction jobs were sustained for over a year and the local supply chain was utilised including quantity surveyor, architect, plumbers and electricians.

Notable additional impacts have been realised:

- Prior to Kirkhope development the local primary school was at risk of closure due to low school roll. Both school and nursery rolls were strong, as of August 24, with 35 on school roll from P1-P7 and 5 children live within the development
- Won prestigious SURF award for housing and regeneration. SURF is Scotland's regeneration forum with the objective to address poverty in Scotland's most disadvantaged communities <https://surf.scot/surf-awards/2024-surf-awards/kirkhope-steading/>
- Community impact:
 - One tenant now manages the local pub, it is attracting more people and doing well
 - One tenant restarted the local indoor bowling club in Ettrickbridge
 - One tenant rents the 2-acre agricultural land. They have a prize-winning flock of Jacob sheep and provided fleeces to the weaver in the workspace who created some rugs. The sheep were reared, sheared and the rugs woven all within Kirkhope steading.

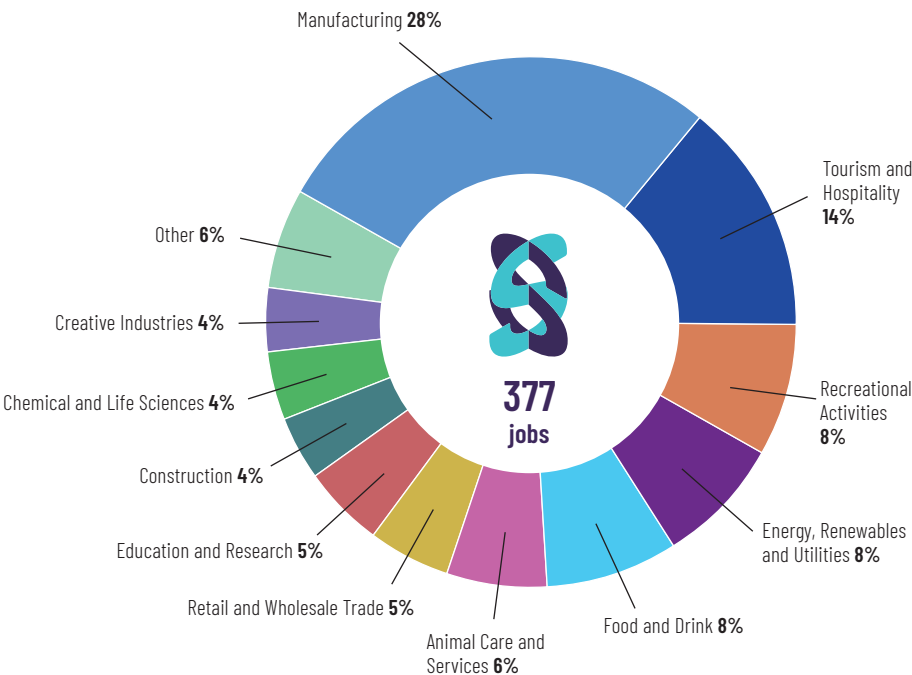
Investment by Sector

In 2024/25 client-facing, approved funding has had a wide geographical spread and notably supported areas such as Tourism & Hospitality, Energy, Renewables and Utilities, and Recreational Activities, alongside Manufacturing and Creative Industries. These sectors are integral to our region's economy, and the funding aims to enhance economic resilience and foster growth across these vital areas.



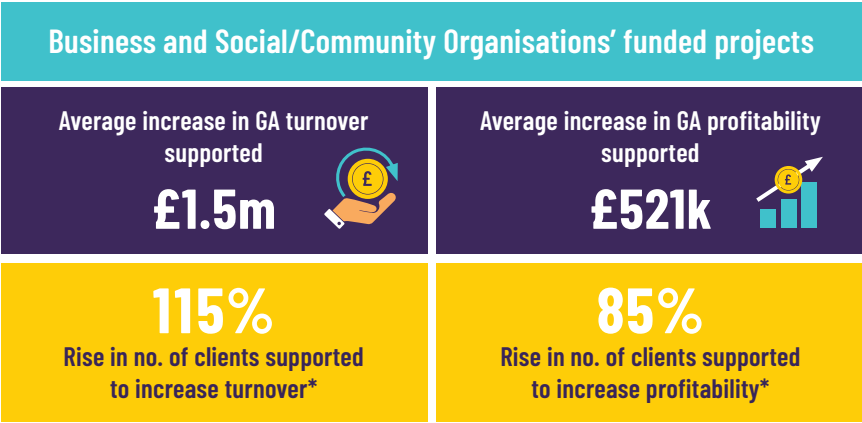
Job Support

In 2024/25 client-facing, approved funding has supported the safeguarding and creation of jobs in many sectors and across a good geographical spread in the region. Activity has particularly impacted Manufacturing, Tourism and Hospitality, Energy, Renewables and Utilities, Recreational Activities, and Creative Industries.



Supporting Our Clients' Growth

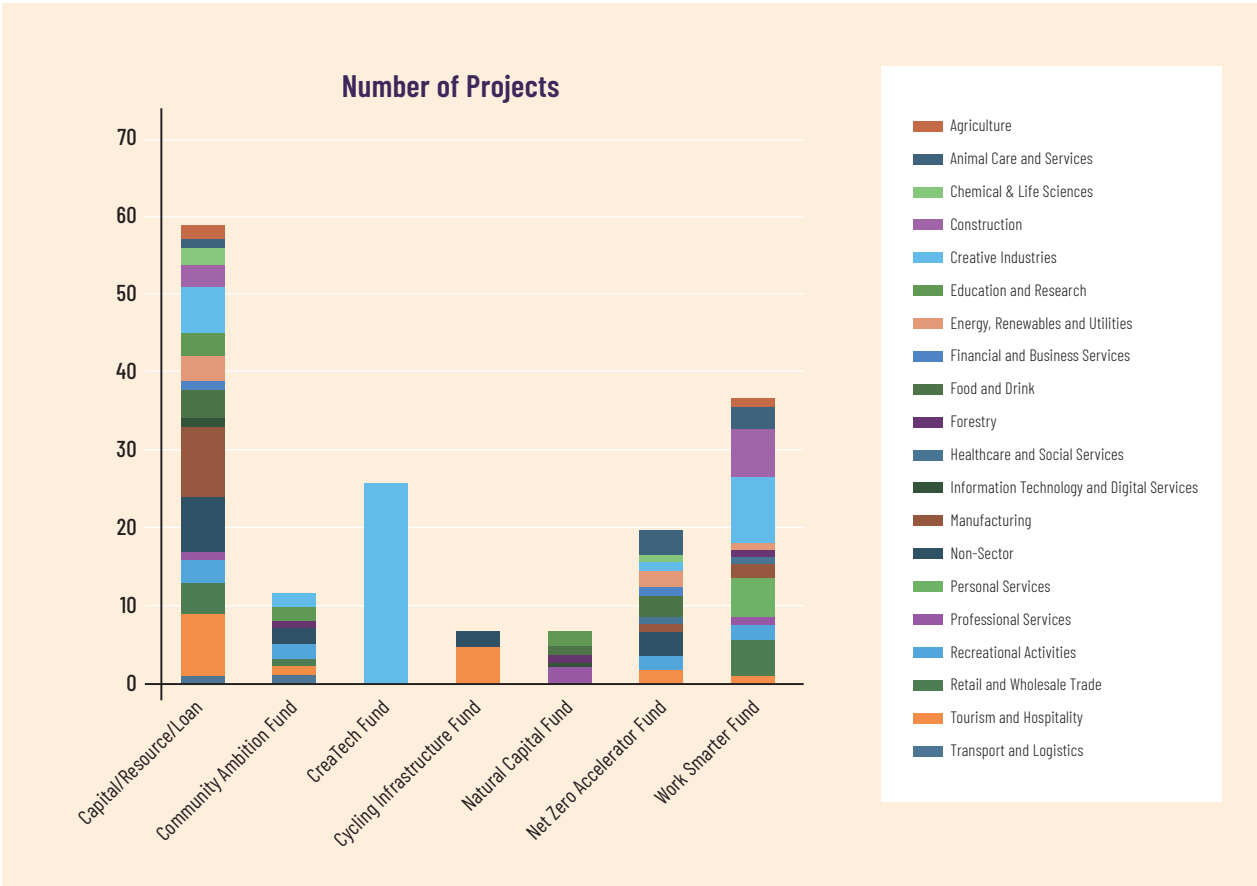
In 2024/25, the number of clients supported via funded projects who increased their forecasted Gross Additional (GA) turnover and/or profitability, grew significantly. Our engagement and investment underscore our commitment to fostering long-term, sustainable economic growth in the region. We also strive to play a crucial role in unlocking additional leveraged investment to drive significant advancements and in being a catalyst in transformative initiatives to bolster the local economy and enhance prosperity of our communities.



* compared to 2023/24

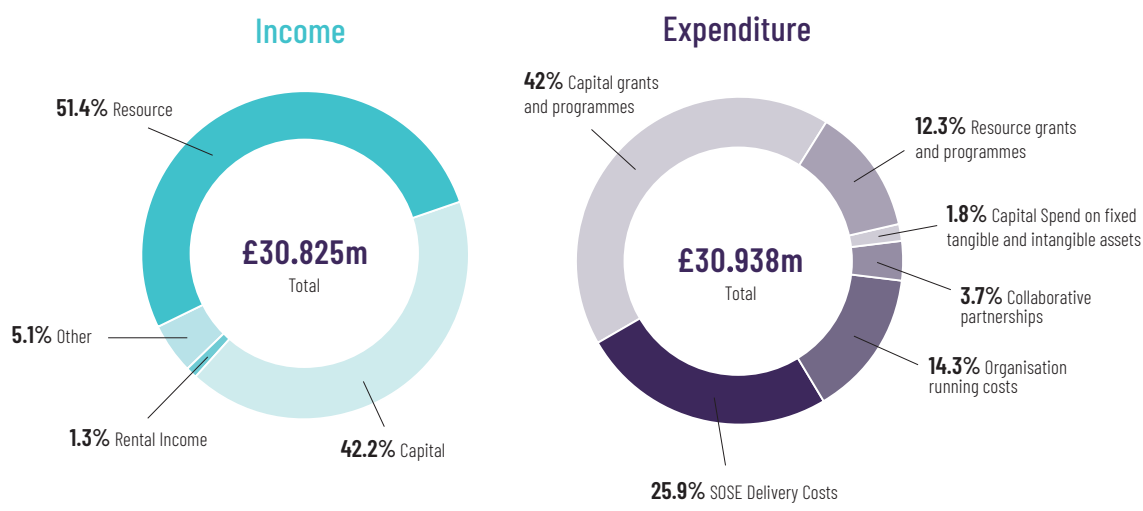
Funding Type

The graph below shows the number of client-facing, approved projects by fund type and the diverse range of sectors supported. Our internal funds drive specific priorities with many delivering in a wide range of sectors with the exception of our Createch fund which targets the Creative industries sector and our Cycling Infrastructure Fund which targets the Tourism and Hospitality sector, both of which are of strategic importance to the South of Scotland.









Summary of financial performance

The graphs below detail the income and expenditure, reconciling to cash funded outturn on the Outturn Summary, page 68. Income includes Grant In Aid from Scottish Government as well as other sources, these are detailed within Note 3, page 92.



Funding

The funding table captures the main Six A relating to a specific project. Projects may cross more than one Six A and this is particularly prevalent for Advocating for Fair Work and Equality.

		Funding to Clients, Projects and Strategic Activity		
Our Six A's		Capital	Resource	Total
	Accelerating Net Zero and Nature-positive Solutions	£2,674,601	£854,184	£3,528,785
	Advocating For Fair Work and Equality	£0	£208,564	£208,564
	Activating & Empowering Enterprising Communities	£2,179,731	£361,470	£2,541,201
	Attracting Ambitious Investment	£2,523,985	£704,399	£3,228,384
	Awakening Entrepreneurial Talent	£1,643,879	£1,469,632	£3,113,511
	Advancing Innovation and Improving Productivity	£3,967,951	£201,414	£4,169,365
Total		£12,990,147	£3,799,663	£16,789,810
Staff costs to enable delivery of SOSE's Six A's				£8,020,562

Going Concern

The Board and Accountable Officer have considered the resource budget for 2025/26, comprising Grant in Aid and ‘non-cash’ budget provision, supplemented by SOSE’s other income including funding for shared positions, interest, rental income and forecast land sales. This is deemed adequate resource to continue operational existence to undertake aims as set out for SOSE by Scottish Government in our Letter of Guidance. Considering available budget together with SOSE’s closing Statement of Financial Position at 31 March 2025, net assets of £8.808m, the annual financial statements have been prepared on a “going concern” basis. Further details of SOSE’s resource budget for 2025/26 are given in the Performance Report and the Accountability Report. Details of the liquidity position are given in Note 23, page 109.

Performance Analysis

This section provides more detail of our performance, provides external context and highlights some of our activities, achievements, outcomes, and challenges during 2024/25.

These are reported against our strategic priorities, 'Our Six A's' (one being the cross-cutting theme of Fair Work and Equality):



Economic and strategic context

There is a risk that macro-economic factors such as global market, economic, political, and environmental forces, intensified by rural issues including transport and demographics could result in adverse economic conditions for the region. Our horizon scanning and data intelligence gathering and analysis informs our operating plan and associated planning and actions. We support our clients to build business and community resilience.

The Scottish Business Monitor Q4 2024 report highlighted that "cost pressures also remain a lingering and ongoing concern with 94 per cent of businesses surveyed expect higher total business costs over the first half of 2025"¹.

The latest wave of SOSE's Business Panel survey was carried out in November and December 2024, and found that:

- business performance was mixed, with 25% saying their business had performed well, 44% saying business had been fairly steady, and 30% saying they had struggled
- 42% were striving for growth, 39% were content with current level, 16% wanted to downsize
- overall confidence in Scotland's economy declined; 37% of businesses were confident (compared to 42% in November / December 2023), whilst 61% were not (compared with 56%)⁴.

Unemployment rate is a key indicator of labour supply. In 2024 the unemployment rate in the South of Scotland was 3.7% for over 16-year-olds. This is lower than the previous year (5.8%). The figure for Scotland in 2024 was 3.3%².

1. <https://www.southofscotlandenterprise.com/business-panel-surveys>

2. <https://www.skillsdevelopmentscotland.co.uk/what-we-do/skills-planning/data-matrix>

SOSE is committed to tackling the global climate and nature crises. We know that by accelerating Net Zero and Nature Positive solutions we can help address these crises and deliver sustainable economic growth for the South of Scotland (SoS). Our work focuses on:

- Leveraging our region's unique assets and capabilities, particularly our natural capital and renewable energy strengths to drive solutions and attract responsible investment
- Influencing existing market growth and stimulating new market opportunities aligned to our Net Zero and Nature ambitions, such as hydrogen and space data
- Transforming our core industries, such as agriculture, ensuring they are resilient and fit for the future
- Supporting enterprises to reduce their emissions, manage changing climate risks and embrace Net Zero opportunities.

In 2024/25 activity included:

Energy Transition



- Progressed a whole-system Energy Transition Plan draft, articulating SoS's energy mission and priorities for influencing and investment. The objective being delivering affordable, clean heat and power for the region, and maintaining a strong social license for investment via growing our economy, driving local prosperity and wellbeing. To be published in 2025 following co-production with local/national partners.
- Spearheaded regional activity to decarbonise heat. Including hosting 2 brokerage events with 150 attendees to stimulate projects and supply chain development in SoS, exploring commercial opportunities for heat recovery such as from data centres and reuse in heat networks and supporting businesses to access Clean Heat Innovation Support to develop products/services.
- Co-designed South of Scotland Developer Forum (SSDF) for Onshore Wind, co-chaired by industry and SOSE. This reflects the importance of the sector to the region (research suggests 27%⁶ of all onshore wind growth in the next six years in Scotland will be in the SoS) and is intended to maximise the socio-economic impact of the sector on the regional economy and grow the regional supply chain.
- Continued to accelerate opportunity for Hydrogen in the SoS, including the delivery of our third Hydrogen Brokerage event in partnership with Hydrogen Scotland with 80 attendees. Promotion of hydrogen within the Energy Transition Zone at Chapelcross and direct support to potential producers, including Green Cat Hydrogen, supply chain and offtake opportunities seeking to invest or grow in SoS.

1.

Accelerating Net Zero and Nature-positive Solutions

Natural Capital



- Collaborated with partners to establish Scotland's first Regional Land Use Framework to enable better decision-making, investment planning and engagement in relation to land use change.
- Received official designation as the national Natural Capital Innovation Zone (NCIZ), harnessing the region's potential to use natural capital to deliver greater economic benefit and inward investment for the SoS and tackle the climate and nature emergencies.
- Approved £532k funding for 7 projects with a total project value of £930k via our Natural Capital Innovation Fund (NCIF) pilot with the aim to kickstart the NCIZ and support innovative approaches to protect, restore or develop natural capital assets to create opportunities for responsible investment in Natural Capital.
- Launched our Strategic Space Sector Growth Plan, identifying space-enabled technologies and services as a critical tool to enhance our understanding and monitoring of our natural capital assets, such as Earth Observation satellite data. We collaborated on a UK Space Agency funded programme exploring use of space-derived data in AgriTech and established a SoS Space Advisory Panel to progress opportunities.

Agriculture Transition



In 2024/25 we:

- Developed our Agricultural Transition approach, following workshops and roundtables with farmers, based on three core pillars: improving Value, Voice and Verification for farm businesses in SoS. Starting with a focus on food and drink supply chain transition to build our approach to rural industry transition that delivers thriving and prosperous farming in SoS.
- Worked with Scottish Government to deliver a national Small Producers Supply Chain Fund pilot to support small food and drink producers in the SoS; to enhance production capabilities, adopt sustainable practices and increase market reach, help to create local jobs and retain talent in rural areas.
- Established strategic partnership with Scottish Agricultural Organisation Society (SAOS) to focus on supply chain development, community engagement with local agriculture, innovation, and development, including use of data and technology to improve agricultural practices.
- Supported Scotland's Rural College (SRUC) with the establishment of the Dairy Nexus, a multi-million-pound new facility to drive innovation and sustainability in the dairy sector at SRUC's Barony campus in the heart of a major dairy producing region in Dumfries and Galloway. Dairy Nexus will facilitate collaboration between researchers, advisors, farmers, and businesses in the dairy sector to identify and solve real-world problems and take opportunities to improve productivity and sustainability.

Net Zero and climate resilience



- Our Net Zero Accelerator Fund (NZAF) has run for two years, with the aim of supporting ambitious projects to accelerate the region towards Net Zero. In 2024/25 we approved £1.1m funding to 20 projects operating in sectors including food and drink production, hospitality and recycling technology. Project activity ranged from energy and process efficiency to product innovation and is forecast to deliver over 1,300 tCO₂e reduction.

The Caledonian Cheese Company (Lactalis)

was approved c£60k funding towards improving their facility's insulation and installing a purpose-designed, compressed air infrastructure to improve efficiency and performance throughout the production process.

These activities forecast annual cost savings of £150k+ and reducing emissions by over 700 tCO₂e each year. Ultimately increasing the resilience and competitiveness of the factory as well as driving regional emissions reduction.

- Supported clients with the practical deployment of energy solutions to build energy resilience into operations, including understanding their energy usage and needs, identifying, and implementing efficiencies and the right technologies and solutions to future proof operations.
- Delivered first wave of internal training in carbon reduction planning and climate resilience to equip colleagues with methodologies and a practical toolkit to support clients to respond to climate change.
- Worked with ClimateView (online digital platform for the Scottish Climate Intelligence Service), to present the regional pathway to Net Zero through the work with Dumfries & Galloway and Scottish Borders Councils.

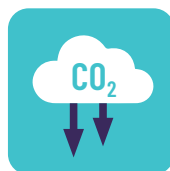
Primary Measures evidencing impact of Accelerating Net Zero and Natural Capital Solutions (2024/25):



£28.5m
invested in **Net Zero**
opportunities
(£40.8m in 2023/24)



£19.1m
invested in **Natural**
Capital opportunities
(£2.7m in 2023/24)



3605 tCO₂e
estimated **emissions**
reduction supported
(4,632 tCO₂e in 2023/24)



CASE STUDY

Loch Ryan

To enhance Borderlands-funded activity around Loch Ryan, led by Dumfries and Galloway Council, including the 5G Innovation Region Programme and SCAMPP Marine Research Centre, we approved £200k funding via our Natural Capital Innovation Fund for the purchase of four specialist buoys anchored at strategic locations around the Loch.

Capable of hosting a variety of environmental sensors, 5G receivers and transmitters, these will be located in the vicinity of seagrass beds and the native oyster population plus areas of suspected nutrient pollution. Data will be automatically sent to SCAMPP to provide vital knowledge and insight into the conditions affecting habitats within the Loch. This supports the Marine Research Centre's aim to become a hub for practical marine research and innovation and will help attract external researchers and academics to the Centre and underpin the development of markets for natural capital investment.

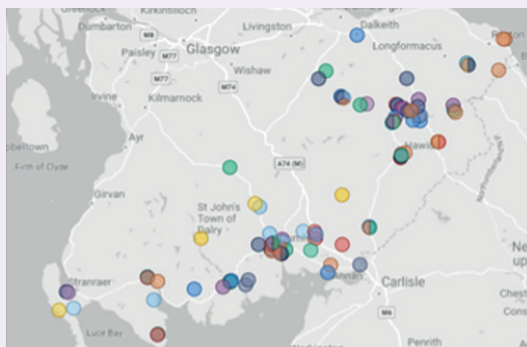


We are committed to fostering a region where fair work and equality drives success, wellbeing, and prosperity for all. Our dedication to fair working practices is a cornerstone of our mission to create a thriving, inclusive economy.

Fair work practices have a profound impact on our local communities. By actively promoting secure employment, fair pay, and inclusive workplaces, we are helping to reduce poverty and inequality. This ensures everyone, regardless of their background, can contribute to and benefit from our region's economic growth.

In 2024/25 activity, we:

- Supported the creation of 268 jobs and safeguarded a further 109.
- Provided support to employers to embed fair work principles in their operations, via 1-2-1 advice, resources, mentoring, in-person and online workshops and progress reviews.
- Approved funding to 542 organisations – all those with employees/volunteers committed to embedding the fair work first criteria and a process of continual improvement via fair work action plans.
- Together, with Scottish Government (SG), HIE, SE, employers, trade unions, and community groups we are co-delivering sectoral fair work agreements and promoting innovative ways of more inclusive and productive working.
- We co-Chair the Scottish Borders Living Wage Action Group which launched the first Scottish Borders Real Living Wage Trail; a celebration of Living Wage Accredited organisations within the hospitality, tourism, and retail sectors. Our March 2025 event was attended by over 30 representatives from Borders-based organisations and showcased the positive impact to businesses and their bottom-line in paying rLW (real Living Wage) within traditionally lower paid sectors.
- Working with partners we have influenced 32 new accreditations. As of March 25, there are 147 accredited employers in the SoS (locations shown on map below), and as a result 2,793 individuals have received a pay increase.



2.

Advocating for Fair Work and Equality

- Launched successful marketing campaign to help organisations unlock the power of fair working practices, which drove a 360% increase in page views for its duration.
- Affording young people the opportunity to help shape the future economy of the SoS through our Youth Advisory Forum, in 2024/25, we:
 - Celebrated first birthday, doubled in size, and coverage expanded into the Scottish Borders
 - Met 17 times, considering and offering views on 13 diverse topics
 - Embraced personal development and mentoring opportunities; two members achieved Participative Democracy Certificate qualifications and 7 are working towards this
 - Assessed youth related economic project proposals, awarding ~£14k across 2 projects
 - Regarded by others as a best practice, exemplary approach to affording young people a voice both in and outside our region.
- Acted as a catalyst in striving to create more neuro-affirming workplaces; we funded research (led by Sleeping Giants – a pioneering social enterprise based in the South) to better understand barriers to recruitment, retention and progression for neurodivergent adults as well as how employers can be better supported.
- Facilitated discussions and striving to influence a future approach to regional skills planning that delivers for the SoS and supports reform of the national skills landscape.
- Developed proposals to meet our regional green skills opportunities and needs, with a particular focus on construction skills and pathways.



Inclusion, Equality and Diversity (IED)

Through targeted programs and initiatives, we provided opportunities for underrepresented groups to thrive. Support by dedicated business coaches includes mentorship, training, and tailored advice for minority-owned businesses and start-ups.

From September 2024, we delivered SG's 'Pathways Pre-start Pilot for Under-Represented Groups'; providing coaching and micro funding for groups (e.g. women, minority ethnic, neurodivergent) who are under-represented in the start-up arena; 262 people received coaching support, of which over 100 started trading, 67 were signposted to Business Gateway and 390 individuals received a concept grant of £1k.

In 2024/2025, we also:

- Achieved a Silver award in Autistica's national Neurodiversity Employers Index.
- Supported the creation of a Neurodivergent Entrepreneurs Business Network.
- Offered lived experience training and communications on topics such as Autism Awareness, Financial Wellbeing, Workplace Neurodivergence, Mental Health and Stress.
- Participated in Scottish Government's 4-day working week pilot.

Our People and Culture

Our employee base as of 31 March 2025 - 145 headcount (140.8 FTE) with a gender split of Male: 54 Female: 91.

Our people and workforce activities focused on the commitments outlined in the SOSE People Strategy 2023-25. We delivered many people management improvements across our six strategic people themes:

- Culture
- Leadership
- Employee Engagement
- Learning and Development
- Health and Wellbeing
- Ways of Working

Employee health and wellbeing remains a priority. We strive to be a leading employer and have adopted inclusive ways of working that boosts the quality of working lives and flexible working for all to benefit from. A range of approaches are available to support health and wellbeing at work; our occupational health provider, counselling, advice on reasonable adjustments, our mental health first aiders and delivering interactive wellbeing campaigns.

Workplace safety was enhanced with an additional 56 employees successfully completing first aid training. This has ensured significant coverage across our organisation and Hubs.

Learning and Development

We continue to invest in workforce development. In 2024/25 our priority areas were cyber security, equalities and diversity, data protection, MySOSE and Carbon Literacy accreditation.

£106k was invested in ongoing professional development across all six pillars of our People and Culture Strategy which included investment in digital efficiency and effectiveness tools; a digital adoption platform was introduced to train colleagues to utilise and maximise systems and processes.

We are committed to supporting young people, recruiting three apprentices on a Digital Application Support Diploma. One apprentice was shortlisted to the final three for the QA Scottish apprentice of the year (professional services) awards.

Primary Measures evidencing impact of Advocating for Fair Work and Equalities (2024/25):



377

jobs **supported**
(1,706 in 2023/24)



268

new jobs **created**
(377 in 2023/24)



109

jobs **safeguarded**
(1,316 in 2023/24)



CASE STUDY

ETB Technologies

ETB Technologies has established itself as a leading supplier of refurbished servers, storage and network equipment, providing complete units and component parts to customers worldwide. Employing c.65 staff and shipping to 76 countries last year, they are a well-established exporter with an annual turnover of £20m+ with ambition to grow further.

Since engaging with us in June 2024 discussions and support included a multitude of non-financial interventions to help increase productivity, resulting in the potential to create 17 jobs with a potential increase in turnover of up to £30m in 2028. Interventions included:

- Expert Help for an International Growth Workshop to produce a strategy and arranged for SDI Trade Specialist to work with them to progress this and international growth. Helped scope market research brief for EFRS.
- Signposted to the International Trade Team via SDI for technical support with an exporting challenge -exporting and VAT.
- Introduced 5 dimensions of Fair Work and helped to devise action plan. Suggested Merimeters for staff to share views and increase effective voice with positive feedback from HR Manager.
- SMAS operations review identified consideration for a 3D printer, increased cross-departmental working, potential energy efficiency sensors, increased floor space required.
- Information provided on D&G Business Growth Grant and the subsequent application was successful.
- Referral to AIMS for 3D Printing solution trial for CPU holders.
- Business Energy Scotland audit completed and engagement with our Net Zero Team cited good practice, and helped identify other potential adaptations.
- Referral to our Net Zero Team who highlighted ETB as a potential supplier for Green Data Centres with introduction to partners e.g. Scottish Enterprise.
- Liaised with our Property Team in finding alternative potential properties.
- Raised awareness of SOSE events, SDS Skills for Growth, Interface, Global Scot and Talent Scotland.
- SOSE/SMAS Continual Improvement event at Covetrus was attended by ETB Operations Manager.
- ETB introduced to Interface to discuss potential future projects utilising academia and students.

Our region is its people – our vibrant, resilient, and enterprising communities. By empowering, connecting, and building even more enterprise ambition in these communities we can, in partnership, help our region to flourish – a key ambition at the heart of the vision in the South of Scotland Regional Economic Strategy.

We are committed to working with organisations across the South of Scotland (SoS) who wish to drive social, economic, and environmental change, develop new services and markets, and become more sustainable and resilient with an emphasis on unlocking potential and long-term ambitions.

In 2024/25 we:

- Aided communities to identify ways to maximise their share of potential transformative levels of community benefit associated with onshore wind: working with communities to draft a **South of Scotland standard** for community benefit, drawing on their experience and building on SG's Good Practice Principles.
- Converted the ambition to develop a **Community Wealth Building procurement pilot** for energy efficiency retrofit into an investable project proposal – drawing in national and regional partners, and building on work to quantify the region's economic potential of Just Decarbonisation.
- Recognising growing pressures in the funding landscape, costs, and that clients in crisis need stability in approach – we initiated the **national Social Enterprise and Third Sector Crisis Roundtable** with Community Enterprise, HIE and SE; bringing together sector, government and intermediary stakeholders to review and strengthen the collective crisis support, nationally and across the SoS.
- Developed a **recovery toolkit** to upskill our teams and utilise network of national support.
- **Designed and delivered a range of workshops**, including:
 - **Pathways Seeding Social Enterprise:** to build confidence and understanding in how to develop a business idea into a new enterprise.
 - **Enterprising Community Vision Mission & Strategy:** enable organisations to review progress, approach, adapt and ensure the vision/mission still meets community needs in a constantly changing environment.

3. Activating & Empowering Enterprising Communities

- **Enterprise Development, Finance & Funding:** co-delivered business skills and information workshops to encourage ambition and thinking. Partners included Social Investment Scotland, First Port, Borders Community Action, Third Sector Dumfries & Galloway.

- **Commissioned research** to explore how communities can maximise participation opportunities in community-led economic development through inclusive business models providing access to land, assets, natural capital and net zero. Increasing understanding of barriers to communities influencing the local economy and ensuring better benefits from the wealth they generate.

The research will identify options to develop more inclusive approaches to communities' and individual's start-ups who experience barriers to developing businesses such as women, those with life-limiting conditions, disability, or additional support needs.

- **Reducing Costs Through Renewable Energy:** Recognising organisations are experiencing pressure on overheads with increased energy bills, we introduced our Net Zero Energy team as part of our expert help to encourage confidence and capacity to reduce costs, including assessment of existing infrastructure and overheads, with renewables options for each organisation alongside funding sources.

SOSE Place Approach

We introduced our Place Approach in 2024/25; to enable better ways of utilising our resources and working with clients, partners, and stakeholders. Designed to support the Place Principle and Framework created by Scottish Government and COSLA and supported by our new 'Place Hub' with easy-access data and information on towns and districts across our region.

Scottish Borders (SB)

worked closely with SB Council (SBC) and Borders Community Action, including:

- Developing a joint Subsidy approach to increase entrepreneurial activity in the Third Sector to enable business growth and financial resilience through investment.
- Developed an Information Sharing Protocol to enable better collective support for the region's organisations.
- Events, workshops, and short-term secondments of team expertise to support the development of Place Plan Activity, Tools, Resources, Enterprise and Business Skills.

Dumfries & Galloway (DG)

worked closely with DG Council (DGC), and Third Sector Dumfries & Galloway, including:

- Mapping the Enterprise and Project Management support available to the region's communities to deliver community asset acquisition and development projects.
- Team workshops to strengthen how we work together in Place across the region.
- Workshops and guides to support energy adaptation and Net Zero transition as part of Enterprising Community Place Regeneration.



Destination Tweed

A large programme with 13 sub-projects included in the Borderlands Inclusive Growth Deal. The largest project is the Tweed Trail, a 113-mile route from Moffat to Berwick upon Tweed, making connections to existing paths and creating new sections to provide a long-distance experience.

The trail will connect existing attractions and provide the signage, digital access, and activities to engage new audiences, transform the quality of the landscape, deliver an area-based destination marketing approach to support and connect attractions, businesses, and communities. Funding package consists of Borderlands Inclusive Growth Deal, Sustrans, Lottery, and more. As a major funder we awarded £4.5m over 5 years from 2023-28. 2024/25 activity focused on the Tweed Trail:

- Substantial progress was made on bridges, footpaths, and landowner negotiations.
- The project has built road crossings for new sections of accessible pathways, resurfacing, and connections of existing paths in and around Peebles.
- We sit on the Economic Development Steering group alongside Visit Scotland, SSDA, Sustrans, Borders and Dumfries and Galloway councils, Northumberland County Council (NCC) and Borderlands project team.
- Appointed a business engagement officer (funded by SBC, contracted via SSDA) to ensure businesses are prepared well ahead of delivery.
- The project will continue to progress the build of the Trail in 2025/26.

Primary Measures evidencing impact of Activating and Empowering Communities (2024/25):



30 new or improved
income-generating
community assets
supported
(15 in 2023/24)



62
community
projects
supported
(43 in 2023/24,
inc. 9 charities)



£21.3m
Total Project Costs
(against
approved projects)
(£3.7m in 2023/24)



£5.3m
SOSE funding
(£1.4m capital; £0.2m
Revenue in 2023/24)



124 Jobs:
64 created
(16 in 2023/24)
60 safeguarded
(55 in 2023/24)



CASE STUDY

Building Futures Galloway (BFG)

Building Futures Galloway (BFG) is an innovative, ambitious, and successful charity-owned social enterprise based in Whithorn. Its impressive social impact is achieved by providing in-work training in traditional heritage construction skills for young people without positive destinations.

BFG has supported a group of young people over 3 years who now form the core of its skilled heritage construction team, and through this experience are well placed to become new leaders and trainers in the future or progress to other positive employment destination. Over 20 young people have been employed since the outset, and around 11 are part of the team at any one time. BFG has also supported over 50 young people from Douglas Ewart High School with weekly placements to learn and develop these heritage skills. The organisation won the First Port Social Innovation Challenge Award 2024, including £50k funding towards future growth.

We have worked with BFG since 2022, providing a range of development support and expertise to help aid business growth:

- Approved £250k funding in 2022 to support BFG acquire and develop a community asset – the Old Town Hall – as a live training project to develop the skills to refurbish a historic building with future use as a museum.
- Organised stakeholder roundtables to highlight the business, involving partners from Skills Development Scotland, Dumfries & Galloway Council, and national heritage funders.
- Assessed business plans for the development of new income to help increase financial sustainability through its commercial heritage building restoration training business.
- Advocated for BFG to become a Scottish Qualifications Authority (SQA) certified heritage skills building and preservation training centre.
- Approved c£50k in 2023/24 to support BFG acquire and develop a community asset – the old fire station in Whithorn – as a base for its boatbuilding and woodwork training courses.
- Awarded £30k in 2024/25 to further support the development of the Old Town Hall with design fees to progress the planning access into the first floor of the building, enabling it to be put forward for the Whithorn Place Plan.

We continue to help BFG grow and develop and are currently assisting them to develop more projects and strengthen the commercial potential and resilience of the organisation.

We are passionate in advocating for and highlighting the opportunities for the South of Scotland (SoS) to be a great region to do business, invest in, and live. The region is transforming through continued investment in our people and places, and from exciting developments such as encouraging green energy production at the Energy Transition Zone, beside Chapelcross. We are striving to unleash the untapped potential of the SoS.

SOSE has ongoing and active engagement with a diverse and growing range of inward investors from across the world. In 2024/25 we received 55 'live' enquiries from new and existing inward investors who recognised the benefit of operating in the South of Scotland (SoS). We have collaborated with public sector partners such as Skills Development Scotland, Scottish Development International, Scottish Borders Council, and Dumfries & Galloway Council to ensure investors are connected to the appropriate information and support, at the appropriate time. In addition, we have proactively created opportunities for investors to network with key stakeholders within the local supply chain to maximise the impact to the wider SoS economy.

In 2024/25:

- **Center Parcs** unveiled plans in November 2024 for its first site in Scotland. The new resort on land between Hawick and Selkirk represents a £350m investment and the potential to create 1,200 year-round, permanent jobs.. We are working closely with the Center Parcs team and Scottish Borders Council to support the significant and exciting opportunity this presents for the whole region: tourism and leisure, supply chains, community benefits and employment in the Scottish Borders.
- **Eyemouth Harbour Redevelopment:** Eyemouth Harbour is uniquely positioned on Scotland's south-east coast and is a strategically important base and stopping-off point for all types of boats, businesses, and people. It is the largest and most secure harbour in the area and offers 24-hour, lock-free access to a deep-water berthing facility. There is ready access to all essential services and supplies for fishing, leisure, and commercial marine traffic.

In response to a government call for potential port and harbour developments to address shortfall in port capacity in Scotland, a harbour development bid was shaped via the collaborative arrangement between Scottish offshore wind project developers, Scottish Government, and its agencies (SOWEC) to deliver transformational supply chain growth in Scotland. As a result, Eyemouth Harbour Trust (EHT) are the lead partner in a potential £350m Harbour redevelopment project including expansion of existing and potential new offshore wind Operations and Maintenance base, freight traffic, roll-on-roll-off, cruise/leisure vessel moorings, heavy lift facilities and winter storage.

- In the past year, the EHT, supported by us, have secured funding via the Shared Prosperity fund to deliver the Eyemouth Masterplan. This plan promotes longer- term strategic thinking, identifying opportunities and threats typically distinct from those in shorter term business planning cycles.
- Continued to build confidence in the future of the SoS and in raising the profile of the region via widespread communication and in **supporting the REP to deliver** on their commitment to develop a spatial diagram for the SoS: convening workshops to shape this and securing design support to bring it to life.
- Aided the development of a **transformational student and key worker accommodation** investment opportunity at the Crichton Dumfries: providing leadership, utilising funding to accelerate feasibility work and leveraging partner funding.
- Acted as a catalyst for the **landmark collaborative partnership** between SWI and Crichton Trust, aiming to innovatively repurpose The Laundry on the Crichton in Dumfries as a centre for learning and reflection and a public venue to house nationally significant archives and artefacts. We helped establish and sustain momentum including advancing design work.

4.

Attracting Ambitious Investment

Employment Land

We focused efforts in developing land for employment purposes. This has taken two paths: to work with partners to identify potential land for investment and to purchase and develop our own land at Chapelcross.

We have been working with both DGC and SBC to identify potential land to be used for employment purposes, that in turn will be available to support inward investment opportunities.

In Dumfries and Galloway, we worked with Council colleagues to understand land available for development, condition of sites within the Local Development Plan (LDP) and the costs of bringing to market. It is envisaged the matrix developed during this work can be used by the Council to assess sites being brought forward for inclusion in the next LDP to ensure sites are high quality and fit for development.

Some sites have restricted access or are currently greenfield, meaning no utilities in the vicinity so require connections to power,

water, and drainage. This is costly and can mean the site is too expensive to develop for a private sector business. The public sector can play a role by undertaking the groundworks.

- An example is land we purchased at **Chapelcross** to create a new Energy Transition Zone. In November 2023, we purchased 6.5Ha of land from the Nuclear Decommissioning Authority. Since then, we have carried out numerous site investigations to understand the ground composition, any contamination issues and produced a masterplan to give layout options and such to make best use of the space.

We will invest in a substation for electrical connections to the Scottish Water network, drainage, and create roads and pathways within the site – site is planned to be marketed in Spring 2025. The intention being when a tenant comes onto the site it is ready for them to secure planning permission and start building, shortening the time for the developer to build and employ people on the site.

- **Cargenbridge**, is land we already own. The second phase of the site is to be brought to market in 2025/26. Our team appointed forestry consultants and obtained felling licenses to clear the site and carry out full topographic and ground investigation surveys. This will inform decisions on how the land could be used and investment decisions on work required to obtain planning, road construction and utilities consents.

- We are working alongside SBC in providing funding toward the early-stage development of the **Lowood Estate** next to Tweedbank Railway Station as part of the Borders Innovation Park ambition.

We approved £3m funding of an £8.5m funding package alongside Scottish Government and SBC. This will provide road infrastructure to open the site for development, along with office and hybrid working space. It is part of a £30m+ ambitious plan for the redevelopment of the Lowood Estate site over the next decade. The aim being to provide workspace, new housing, and a care home facility.

• Mountain Bike Programme

We continue to progress this and its three core sub-projects: The Mountain Bike Innovation Centre, the Tweed Valley Bike Park and the Trail Lab. The project will utilise Borderlands Inclusive Growth Deal funding of £19m which, along with our contribution of c£5.4m, will deliver a world class innovation offering. This is being delivered with academic partners from Edinburgh Napier University and we expect to start construction in Innerleithen in early 2026, subject to planning and full business case approvals.

The project is progressing a planning application to demolish the Caerlee Mill building and replace with a modern Innovation Centre to meet the demands of industry and academic partners.

• South of Scotland Cycling Partnership (SSCP)

The SSCP Strategy promotes cycling through six key themes: Events, Infrastructure, Sustainable Communities & Economy, Innovation & Technology, Destination Development & Promotion, and Sport, Recreation & Wellbeing. Partners led specific workstreams, with regular meetings and annual reviews ensuring accountability. The ten-year strategy aims to deliver economic, social, and environmental benefits, building on the success of hosting the 2023 UCI Cycling World Championships.

• SOSE Cycling Infrastructure Fund (CIF)

Our £343k CIF aims to make the South a leading cycling destination by attracting tourists to the Kirkpatrick C2C and 7Stanes centres. Since 2023, it has made 31 strategic investments, including 7 in 2024/25, providing up to £25k in grants for cycling facilities such as bike storage, charging sockets, and repair stations.

Our fund's core purpose is to meet and exceed customer expectations. This initiative involves social enterprises, community groups, and private businesses, enhancing our global reputation and securing SoS place as part of the UCI Velo Region network. Investments made by Scotland Cycling Infrastructure Fund in 2024/25 are available to view [here](#).

Primary Measures evidencing impact of Attracting Ambitious Investment (2024/25):



£23.5m total value of funding leveraged for the South
(£43.3m in 2023/24)



£4.4m value of inward investment
(£6.7m in 2023/24)



£147.6m
Gross Additional increase in client turnover
(£208.4m in 2023/24)



£55.4m
increase in proportion of turnover from **Green, Inclusive and Community enterprises**
(£67.2m in 2023/24)



CASE STUDY

Green Cat Hydrogen (GCH)

In March 2025 Green Cat Hydrogen (GCH) announced proposals for a green hydrogen project at Chapelcross Energy Transition Zone.

GCH's proposed development at Chapelcross, near Annan, (which is subject to planning permission), could help to decarbonise local businesses and aims to kickstart the development of the site. GCH said, if approved, the development of the green hydrogen facility can help transform the local economy by generating around 50 high-skilled jobs during operation, plus 150 jobs during construction.

Once up and running the company said it could produce more than 4,000 tonnes of green hydrogen per year - reducing CO2 emissions by up to 26,000 tonnes a year. The firm said that was the equivalent of planting 20,000 hectares (50,000 acres) of broadleaf forest. Green hydrogen is produced by splitting water into hydrogen and oxygen using renewable energy. The hydrogen it produces can then be used as a fuel which does not emit polluting gases.

Preliminary engineering and environmental studies for the project have started and a planning application is being drawn up. Two public consultation events will take place, first being held in April 2025.

Chief executive Gavin Catto said:

"The current project at Chapelcross is just the first phase of what we hope will develop into a significant partnership for GCH and our counterparts. The project represents a significant contribution to the transformation of Chapelcross into a major hub for this exciting new technology.

Jane Morrison-Ross, chief executive at South of Scotland Enterprise, said it was delighted to have GCH on board. "We know that Chapelcross is perfectly placed in the middle of the UK, and its history and future reflect the importance of innovation in energy production. GCH's proposals highlight again the south is the perfect place to invest and do business".

www.gchhydrogen.co.uk/green-cat-hydrogen-announces-proposals-for-green-hydrogen-project-at-chapelcross-energy-transition-zone

Awakening entrepreneurial talent is a priority in both the South of Scotland Regional Economic Strategy and the National Strategy for Economic Transformation. New and growing enterprises can create fair and rewarding work opportunities and help us to retain and attract talent. Entrepreneurial ambition in the Third Sector can also stimulate new and enhanced services and opportunities for our people and communities to flourish.

We have spearheaded a transformative suite of initiatives designed to propel inspiring entrepreneurship.

In 2024/25:

- Our flagship AcceleratE Programme delivered a three-month curriculum to three distinct cohorts on; strategic growth development and implementation and empowered 28 businesses to chart a course for expansion. Complementing the core offer, we hosted 3 intensive Marketing Bootcamps, equipping 67 participants with cutting-edge marketing strategies.
- Our bespoke Entrepreneurial Leadership Programme provided 14 select businesses with invaluable training in strategic thinking, leadership excellence, and team optimization, cultivating a new generation of business leaders poised for success.
- We delivered 72 place-based pop-up enterprise sessions/programmes with 3000+ attendees.

Pathways Pilot

We have supported Women and Young People at pre-start stage for over two years through coaches, pop-up engagement, Real Models Business Simulation programmes and college engagement.

In 2024, we were chosen to lead the 'Pathways Pre-start Pilot for Under-Represented Groups'; coaching support and micro funding for individuals with a business idea - to explore turning their ambition into a reality and unlock entrepreneurial skills. 10 enterprise coaches delivered place-based support across the region, developing networks, connections, engaging with local based partners, tailoring delivery to meet local need. The Pilot ran from September 2024 to March 2025:

- 262 people received support from place-based coaches; demand was high, receiving 484 enquiries.
- Of these people, over 100 started a business.
- 67 were signposted to Business Gateway services.
- 390 individuals across our region were awarded £1k concept fund grants, with a wide geographical spread.

Confidence grew significantly after Coaching, and feedback included:

- Only 55% considered themselves a 'Business person' prior to coaching this increased to 87% after coaching.

"I am now adamant that I will make my business work, whereas before the coaching, it was just lots of ideas floating about in my head."

- The following graphs show marked increase in participant confidence levels in running their own business.



Digital Innovation

- Delivered successful 4-month programme 'Leveraging Artificial Intelligence and Data for Business'.
- Delivered twelve advanced, digital-themed workshops.
- Worked with Developing the young Workforce, Borders College, and local schools to deliver an innovative E-Sports Inter-School event for the Scottish Borders.
- Formed strategic relationship with Dundee-based game developers, Hyper Luminal Games, and showcased their Venture Valley game (that aims to teach young people the intricacies of entrepreneurship through a gamified and engaging experience) at Dalbeattie High School Careers Day.
- Provided 17 businesses with expert digital advice to improve their digital processes and unlock opportunities.

Partnerships

- We played a key stakeholder and scoring role for the **Civtech** Wildcard 10.11 'How can technology help early-stage entrepreneurs by giving them the best possible information, advice and other forms of support in a way that is fast and easy to access, helping establish Scotland as a Start-Up Nation.
- Our partnership with SRUC resulted in the launch of the **Rural InnovatE** programme; delivering a 6-week programme supporting 18 agricultural and rural businesses to innovation and inspire new business ideas. An event was held for students on the entrepreneurial campus at the Barony, Dumfries.
- Regular partnership meetings with **Codebase/TechScaler** have resulted in a better understanding of both our organisation's offering to business and in collaboration to deliver joint programmes of work.



CASE STUDY

First Tracks

We worked with Developing Mountain Biking in Scotland and Edinburgh Napier University (ENU) to set up a programme focused on supporting novel ideas and diversification in the outdoor recreation sector for entrepreneurs and existing businesses.

This 8-week programme focuses on cycling with a series of specialist speakers and sessions. We delivered the core coaching with ENU's Bright Red Triangle delivering for those out with the south.

Highlights included Karrimor and OMM founder Mike Parson sharing his experiences as a global leader in clothing and technical outdoor innovations, while the 'meet the mentor' session included four inspiring experienced entrepreneurs and cycling sector leaders.

The programme had 43 initial applications and had high ongoing engagement with the weekly sessions.

As a pilot, the project will be fully evaluated, and the expectation is it may run again in 25/26.



Primary Measures evidencing impact of Awakening Entrepreneurial Talent (2024/25):



3,122
people engaged in
entrepreneurship
(1,455 in 2023/24)



612
engaged are
Women
(478 in 2023/24)



2,174
engaged are
Young people
(805 in 2023/24)



CASE STUDY.....

Chattelyard Gallery

The Gallery first contacted Business Gateway (Borders) in December 2023, opening for business in May 2024. It occupies a previously empty property in Hawick town centre and currently supports 70 local artists and makers. The Gallery takes a modest commission on sales of art pieces and a small pop-up studio and meeting room are available to rent at affordable rates.

Original contact was a referral from Find Business Support via the Planning to Start Portal at Business Gateway (BG) National.

The business has not only benefited from our BG Advisor support with business planning, self-assessment, invoicing, bookkeeping, marketing, and social media support, but from wider support across SOSE, such as engagement with Strategy colleagues and working with the local Pathways Coach to further enhance the business and access a small grant. External and partner signposting included a local specialist insurance provider and the DWP.

Establishing the South as a place that embraces innovation, efficiency and circular economic approaches is central to our vision. Whether small or large, changes and improvements to how the region’s enterprises operate can help them become more resilient, grow, expand, and excel.

Support for Business

Our Enterprise and Business team comprises of Business Advisers and Specialists with the focus on delivering a support service to all existing businesses in the South of Scotland (SoS). In 2024/25 we managed over 1,054 enquiries compared to 400 last year: from general business advice, structuring finance deals to funding applications. Our Borders Business Gateway team helped 233 business start and delivered 41 workshops to 550 individuals in new and pre-start businesses.

Our aims for the development and sustainability of the economy in the SoS includes supporting businesses: on their journey to Net Zero (particularly reducing carbon and energy production in business operations and supply chains); to address opportunities/challenges to maximise business productivity; improve business profitability and highlight ways to reduce costs and improve sales; drive innovation; encourage exporting for the first time or to increase exports to a particular country and explore other potential markets; encourage business to look at the wider elements of Place in their operations and address areas of Fair Work.

2024/25 we approved funding of £4.7m to support 542 businesses with a wide range of projects to deliver innovation and new product development, business expansion, efficiency, and productivity improvements.

At first point of contact we can direct access to a wide range of public and private sector partners. In addition, we provide direct support for business in areas such as: Access to finance (from SOSE and/or other sources); Provision of Expert Help support on a diverse range of business subjects; Support to potential Inward Investment businesses; Implementing innovative manufacturing methods such as robotics aimed at improving productivity; and working with national partners to find opportunities to increase exporting.



6.

Advancing
Innovation and
Improving
Productivity

Primary Measures evidencing impact of Advancing innovation and improving productivity (2024/25):



245 clients
supported to
innovate
(106 in 2023/24)



£31.3m
of **total**
project capital
investment
(£38.7m in 2023/24)



210 clients that
have increased
their **digital**
capabilities
(32 in 2023/24)



£44.3m
increase in Gross
Additional **client**
profitability
(£61.5m in 2023/24)

Work Smarter Fund

One of our core roles is in supporting organisations across the SoS to embrace innovation and improve their productivity. To aid this, we launched our Work Smarter Fund in 2024/25.

We supported 37 businesses and one social enterprise to introduce innovations aimed at increasing productivity as part of this Fund.

These organisations were supported to make improvements to their processes with grants of up to £5k and to introduce capital equipment which allowed them to obtain immediate benefits.

Most projects included automating processes previously completed manually. Clients embraced new ways of working due to the expertise and support from our advisors. These changes maximise staff time as well as driving improvements in the quality of products and services.

One recipient of our Work Smarter Fund was Sky-Pin Drones Ltd, a company founded in 2017 by James Braid which began offering aerial drone services, specialising in aerial mapping surveys.

To meet the growing demand for precision agriculture and environmental restoration, James set his sights on expanding the services to include crop spraying and spreading, seeding for conservation projects, greenhouse shading and cleaning, and solar panel inspection and cleaning. To enable this, a cutting-edge 110kg drone with a wingspan of over two metres, costing c£50k, was required.

We assisted with the business plan, cash flow forecast, signposted the client to DSL for an Investment Fund for Scotland loan and provided £5k via our Work Smarter Fund.

We continue to support the business with networking opportunities and events. The drone technology has positively impacted ecological projects like peatland restoration and habitat management.

James is excited about future growth as more people recognise the benefits of drones in agriculture and land management, which includes helping farmers reduce their environmental impact by using data, fewer chemicals, and conserving resources.

Dairy Nexus

A multi-million-pound new facility to drive innovation and sustainability in the dairy sector opened its doors in 2024/25. Scotland's Rural College (SRUC) leads the Dairy Nexus project which was awarded £8m from UK and Scottish Governments and c£740k from SOSE.

Dairy Nexus is one of the first Scottish projects to be delivered through the Borderlands Inclusive Growth Deal. The facility was built by Portakabin Ltd on SRUC's Barony campus at the heart of a major dairy producing region in Dumfries and Galloway.

SRUC provides an internationally recognised focus for research and innovation in the sector and is central to a vibrant network of researchers, dairy businesses, technology, and training providers.

With four major processors and around 50 artisan producers employing 1,350 people and adding value to milk collected from some 980 farms across the region, dairying is an important part of the Borderlands' economy. Dairy Nexus will facilitate collaboration between researchers, advisors, farmers, and businesses in the dairy sector to identify and solve real-world problems and take opportunities to improve productivity and sustainability.

Investment in Dairy Nexus will provide a significant boost to the region's capabilities for dairy innovation. From fine-tuning dairy nutrition to improving the nutritional value of milk and the yield of cheese, to measuring the effect of genetic selection on cows' methane emissions and understanding how different forage crops affect soil health and biodiversity, Dairy Nexus is aiming to decarbonise the dairy sector.

Scotia Automation, based near Dumfries, specialises in the design, development and deployment of advanced robotics solutions for industrial, agricultural and service sectors. Their mission is to leverage cutting-edge technology to enhance productivity, safety, and efficiency for businesses across our region, Scotland and the UK.

We approved £95k funding to help them establish a new state of the art facility with a production workshop and demonstration area within their site.

This will help build capacity, increase production space, and enable efficiency improvements within their business and that of other businesses.

Having a cutting-edge business in the region helps the supply chain and local businesses in accessing more local skills, and to implement efficiency improvements and improve regional productivity.

They are working with Scottish Manufacturing Advisory Service (SMAS) to ensure they use lean practices and the new site's general layout is optimised for maximum efficiency.

Activity in Partnership

- Helped shape intervention responses to the South of Scotland's needs via the **National Innovation Strategy Implementation**.
- Strengthened our **innovation eco system** and forged closer partnership working, including leveraging investment in service offer.
- Continued to drive a **housing focus** across our work, in support of regional priorities, including working directly with businesses creating more innovation and capacity in housebuilding and construction.



CASE STUDY

Berry BPI

Berry BPI is the oldest and largest recycler of agricultural plastics, or agri-plastics, in the UK. The Dumfries plant employs 55 people and processes approx. 12,500 Tonnes of soiled agri-plastics a year; the output from which is 5,600 Tonnes of reuseable plastic pellets. Working closely with SEPA, the process also recycles water used for washing the agri-plastics, (mainly plastic sheeting), as well as soil and gravel being sifted, and going back into land reclamation projects and aggregates, respectively.

We supported their £1m wash plant and process upgrade project with £100k approved funding, forecasting 10 new jobs, increased productivity and saving up to 8,000kWh of energy per week. Capacity increase of 12% from 12,500 to 14,000 Tonnes p.a., with plastic pellet output up from 5,600 to 6,300 Tonnes p.a. There are two major advantages to this increase in capacity:

1. First time being able to process heavily soiled, agri-plastics. This previously went to landfill, therefore huge environmental saving.
2. Due to upgraded washing capabilities, plastic pellets are of higher quality, thus gaining higher price.

The company provides a unique service in an area with high dependency on agriculture and agri-plastics. Reprocessing close to where used provides a good service and greatly contributes to the circular economy and net zero aspirations. This innovative company also utilises some of the plastic chip output to make onsite, plastic tubing for core winding plus "Plaswood" plastic planks - sold as planks or made into items such as picnic benches and litter bins.



CASE STUDY

James Johnston & Co of Elgin

James Johnston & Co of Elgin Limited is a luxury textile mill, employing around 280 at its Hawick site, making it one of the town's largest employers. The business also has a retail space and café, adding to the hospitality, retail and tourism offering.

We are supporting the construction of its Hawick Mill Expansion project with c£264k approved funding to create increased production space. This will increase productivity across the factory as well as the business's turnover and profitability whilst benefiting the local community with the creation of around 50 jobs on project completion.

The project will raise their profile, assist the visitor economy, and benefit other businesses in and around Hawick as well as impacting both the wider Scottish economy and global supply chain. Working with local contractors to deliver the project not only supports the local supply chain but provides secure, permanent employment where both current and potential employees will benefit from ongoing training and skills development.



Performance conclusions and future direction

Our performance has demonstrated significant work and impact against a diverse range of activity to progress and meet our vision, mission, strategic priorities and objectives. This is aligned with Our Six A's, NSET, Scottish Government priorities and the needs of our unique region. Positive action has been delivered against a backdrop of economic challenges and uncertainty coupled with constant change in the political and economic environment across the globe.

Our activities and outputs reflect a strong focus on supporting our clients and enterprises in the region to enhance productivity, boost profitability, support a just transition to Net Zero, and strengthen community and organisational resilience across the South of Scotland.

In addition, we are striving to progress new and significant strategic opportunities and increase inward investment to support our region to flourish in the long term; further the sustainable economic and social development and improve the amenity and environment of the South of Scotland.

In 2025/26 we will launch our Shaping SOSE for the Future (SSFF) programme which is a bold and forward-looking transformation programme designed to unlock the full potential of the South of Scotland. It will bring together strategic insight, operational delivery, and business enablement under a refreshed structure—Discover, Deliver, and Enable. SSFF is driving smarter ways of working, enhancing collaboration, and streamlining processes to maximise impact. With a strong focus on responsible investment, regional intelligence, and empowering local supply chains, the programme is already shaping new opportunities and fostering a culture of innovation and inclusivity across SOSE.

As we move forward will reflect and set targets informed by what we have learned in our first five years and seek to maximise the potential in our new CRM platform, MySOSE. We will work tirelessly to progress activity towards our goals and will continue to be bold and ambitious, to take risks and to do things differently to make things happen in our unique region.

We are committed to being a strong partner and to work in partnership with stakeholders to maximise opportunities for the benefit of the organisations, communities and people of our region.

We are successfully growing interest via impactful promotion and awareness raising of the South of Scotland being a great region to do business, and invest in. There is a diverse range of exciting and significant opportunities that we will strive to support and progress in 2025/26, which includes:

- **Center Parcs in the Scottish Borders**
- **Natural Capital Innovation Zone**
- **Net Zero opportunities, including:**
 - Chapelcross Green zone/data centres
 - Carbon Removals
 - Hydrogen
 - Off-shore wind
- **Eyemouth Harbour**

We are...
FOR the South,
BY the South
and IN the South

Financial Performance

Purpose

The purpose of this section is to summarise SOSE's performance for the year to 31 March 2025 against budget. The full detailed financial statements are contained on pages 75 to 112.

SOSE receives Grant-in-Aid from the Scottish Government (SG) which forms the majority of the budget. A small amount of other income is generated through property transactions (from SOSE acting as a landlord or land sales), other grant income, loan and bank interest and partner contributions towards funded employee positions.

The budget is separated into:

Resource Departmental Expenditure Limit (RDEL) covers day-to-day expenditure such as staff salaries, operating expenditure, and grants to clients for similar types of expenditure. This budget is supplemented by other forms of income, primarily rental income from property, loan interest and contributions for shared employee positions.

Capital Departmental Expenditure Limit (CDEL) is utilised on investment in new assets whose lives extend beyond the current financial year and is primarily disbursed through grants to clients as well as supporting SOSE's own capital expenditure requirements. CDEL is now also used to provide loans to clients.

Financial Transactions (FT) funding is no longer provided by SG but in prior years this was received to provide loans to clients, loan repayments received (where the loan was issued from FT funding) continues to be repaid to Scottish Government.

Annually Managed Expenditure (AME) covers volatile costs that cannot be controlled in year, e.g. pension liabilities.

Ring-Fenced expenditure (non-cash) budget is for technical accounting charges such as asset depreciation that does not include cash spend.

Summary of the 2024/25 outturn against the budget including ABR and SBR revisions from SG

	Original Budget Allocation	Autumn Budget Revision	Spring Budget Revision	Final Budget Allocation	Actual Outturn	(Over) / Under Spend
	£000	£000	£000	£000	£000	£000
RDEL	14,310	-	31	14,341	14,310	31
RDEL Pathways	-	1,500	-	1,500	1,429	71
CDEL	13,000	-	4	13,004	13,219	(215)*
Total Departmental Expenditure Limits	27,310	1,500	35	28,845	28,958	(113)
Financial Transactions	-	-	-	-	(474)	474
Non-cash	54	546	(215)	385	281	104
AME	-	-	526	526	130	396
Total	27,364	2,046	346	29,756	28,895	861

* Capital overspend was approved in advance by SG.

Financial Performance

The Parliamentary Accountability Report, page 67, details SOSE's financial outturn against allocated budget from Scottish Government. The following financial performance summary provides detail on the Segmental Information categories, with further details in Note 2 page 90.

Grants, projects, and strategic activity and Financial Transactions

↑ Resource £3.800m (2023/24: £3.440m)

Grant/project funding supports businesses and communities by covering expenditure such as operating costs, business planning and consultancy fees. This funding enables organisations to advance projects that could be at risk of not being completed without SOSE's support.

SOSE secured a ring-fenced budget for Pathways, aimed at providing support and funding to underrepresented groups by providing pre-start support to encourage more individuals within these groups into entrepreneurship and business start-up.

The increased expenditure was attributed to the funding received for Pathways. However, this was balanced by a reduction in overall expenditure compared to the previous year, due to a decrease in budget.

↓ Capital £12.717m (2023/24: £14.258m)

SOSE experienced a decrease in spend year on year, due to the reduction in budget from the previous year (14% reduction).

During the year grant and project funding supported a variety of client projects, including construction projects and large equipment purchases, amounting to £11.536m of SOSE's capital expenditure.

In the absence of a Financial Transactions budget, SOSE provided loans totalling £0.710m to clients through capital funding. This approach ensured continued support for various organisations with a loan facility. One loan was short-term, and this was issued and received in year.

↓ Financial Transactions £0.474m income (2023/24: £1.390m net FT income and expenditure)

SG no longer provides FT funding to SOSE. Instead loans are now issued from capital as noted above (2023/24 £1.700m). The FT element of loan repayments received from clients £0.474m (2023/24: £0.310m), where the loan was issued originally from FT funding was repaid to SG.

Directorate expenditure, other expenditure, and income

↑ Directorate Expenditure £0.997m (2023/24: £0.900m)

This relates to internal operating expenditure critical to supporting SOSE as an organisation, this includes spend areas such as internal and external audit, legal fees, and internal training. The rise in costs is due to inflation plus other areas including accounting and appraisal fees relating to a complex future project and other minor expenses, such as one-off critical training and specific program activities.

↓ Other Expenditure £13.336m (2023/24: £13.919m)

The largest cost within other expenditure is staffing. Other costs include facilities and estates expenditure, collaborative partnerships, and additions to tangible and intangible assets. A small decrease in costs through efficiencies and savings was required following a reduction in budget allocation.

↓ **Income £1.892m (2023/24: £2.477m)**

SOSE received income during the year for both Resource and Capital in relation to property transactions for tenant rent and land sales, bank interest, income for Business Gateway and other funded positions, loan capital and interest payments. The grant income in year relates directly to the work complete in year.

Statement of Financial Position

In the year to 31 March 2025 SOSE's Statement of Financial Position showed net assets of £8.808m (2023/24: £7.836m), an increase of £0.972m on the previous year, see Statement of Financial Position, page 77.

The main drivers of the movement are detailed below:

Non-current assets

↑ **PPE £6.017m (2023/24: £5.183m)**

The net book value of property, plant & equipment has increased principally in relation to construction work at Cargenbridge and Chapelcross.

↑ **Intangibles in Development £2.426m (2023/24: £2.067m)**

SOSE has continued to invest in the development of bespoke software, a CRM system, with expenditure in year of £0.359m (2023/24: £1.031m), MYSOSE system went live in April 2025.

↓ **Retirement benefit asset – nil (2023/24 £0.241m asset)**

SOSE's pension position has been reported as nil balance (2023/24: £0.241m) within non-current assets. The balance recognised has been adjusted for the asset ceiling restriction, see Note 18, page 104 for further information.

Current and non-current financial assets

↑ **Current assets – within 1 year £0.922m (2023/24 £0.694m)**

↓ **Non-current assets – greater 1 year £1.763m (2023/24 £2.149m)**

In 2024/25, SOSE did not receive FT funding, loans were issued from SOSE's capital budget, and whilst there was a demand for loans the capital budget was primarily allocated to capital grant and project spend. This resulted in fewer loans being issued than the previous year £0.710m (2023/24 £1.700m). During the year £1.020m (2023/24 £0.461m) repayments were received offsetting the outstanding asset balance. A prudent expected credit loss provision is recognised to provide for future potential losses.

Current assets

↓ **Cash and cash equivalents £1.970m (2023/24: £4.624m)**

Cash and cash equivalents have decreased in year due to the timing of payable invoices in the run up to year end and budget utilisation. Accordingly, there is an offsetting decrease in creditors and accruals.

Current liabilities

↓ **Trade payables and other liabilities within 1 year £3.313m (2023/24 £5.326m)**

The decrease in trade payables and accruals is resultant from the timing of invoices, an increased amount was invoiced and paid in year. As noted above there is therefore a decrease in cash not utilised.

Current and non-current liabilities - Financial transaction SG funding

⬆ Trade payables and other liabilities within 1 year £0.788m (2023/24 £0.677m)

⬇ Trade payables and other liabilities greater 1 year £2.052m (2023/24 £2.643m)

In previous years, when FT funding was received from SG, it was recorded as a current and non-current liability in line with client loan repayment terms. Upon receiving loan repayments SOSE is obliged to transfer these funds back to SG. (Note 16 and 17, page 100)

Payments to Creditors

SOSE aims to pay trade payables in a timely fashion in line with the Scottish Government's policy for prompt payment to pay suppliers within 10 days. The average payment time for supplier invoices in the year was 5.0 days (2023/24: 5.1 days) which equates to 95% (2023/24: 95%) of suppliers paid within the 10-day target.

SOSE observes the Government's policy for prompt payment and is committed to paying suppliers within 10 days of receipt of a valid invoice.

Procurement

SOSE fully complied with Public Contracts Scotland Regulations for its regulated spend (above £50k) and below this level complied with its own internal SOSE procurement policy. In line with the reporting requirements of the regulations, SOSE has produced its [Annual Procurement Report](#), a copy of which will be presented to government and made publicly available on the SOSE website.

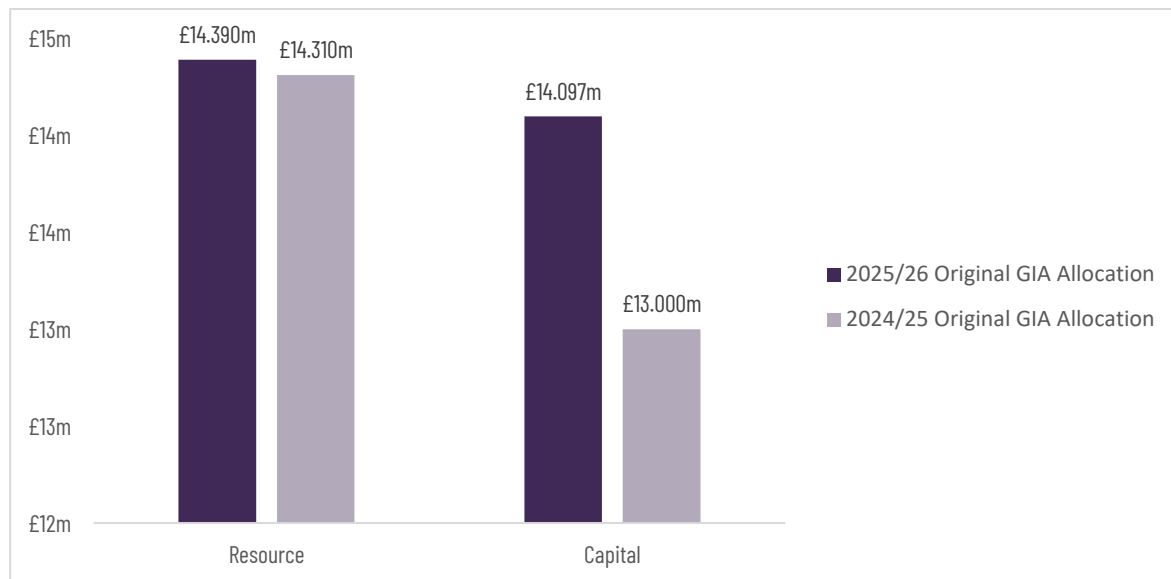
SOSE procurement engaged with 243 (2023/24: 240) suppliers in the year, of which all paid or were formally committed to paying the Real living wage, 136 (2023/24: 168) were SMEs and 103 (2023/24: 72) were based in the South of Scotland. Public Sector procurement regulations seek to ensure that public procurement activity delivers value for money. During the year, 181 (2023/24: 114) contracts were awarded and procurement savings of £185.4k (2023/24: £27.1k) were noted. Savings are calculated by using the methodology recommended by Scottish Government guidance, including taking the average rate proposed and the difference between that and the final rate agreed, or by estimating the cost avoidance through the use of an existing framework.

SOSE's key procurement priorities were, and continue to be:

- SOSE procurement activity supported by the SOSE Procurement team seeks to ensure full regulatory compliance
- Ensuring SOSE procurement strategy supports delivery of SOSE Operating Plan and its corporate values and priorities
- Promoting sustainable Procurement and ensuring that SOSE uses its assets to harness the regions potential whilst supporting a transition to Net Zero
- Supporting Small and Medium Sized Enterprises (SMEs), Third Sector organisations, and Social Enterprises
- Putting sustainability and inclusiveness at the heart of the SOSE procurement approach
- Reducing bureaucracy and streamlining our procurement processes – increased use of collaborative framework contracts which meet the needs of SOSE
- Delivering Value for Money – ensuring tax-payers money is spent sustainably, ensuring integrity and accountability.

2025/26 Outlook

The graph below depicts the movement in Grant in Aid budget allocation year on year:



Resource



A small increase of £0.080m (1%) resource budget allocation compared to the prior year (2024/25: £0.793m decrease).

The resource budget not increasing in line with inflation continues to present a challenging position, but this was anticipated. SOSE will continue to monitor progress against budget and, work closely with Scottish Government. Management will continue to prioritise spend to advance SOSE's aims, delivering economic and social development in the South of Scotland.

Capital



An increase of £1.097m (8%) capital budget allocation compared to the prior year (2024/25: £2.200 decrease).

The increase in budget for the new year is a positive outcome, allowing SOSE to begin the year with a high level of commitment and a strong pipeline of projects. Funds will continue to be allocated to areas such as Net Zero, Natural Capital and Communities to ensure full utilisation of the budget allocation. The budget will be reviewed regularly during the year with a view to recommitting any slippage.

As with the prior year, the largest risk to SOSE is securing enough Resource funding in future years, SOSE will continue to work with the Scottish Government on this, monitoring the likely outlook and utilise scenario planning to model how this will look in the future.

Public Interest Reporting

As a publicly funded organisation, SOSE is committed to full compliance with:

- Freedom of Information (Scotland) Act 2002 (FOISA)
- Environmental Information (Scotland) Regulations 2004 (EIRs)
- Data Protection Act 1988 / UK General Data Protection Regulations (GDPR)(EU2016/679)

Details of the number of information enquiries SOSE received is shown in Table A:

Table A	2024/25	2023/24
Freedom of Information (Scotland) Act 2002 (FOISA)	28	35
Environmental Information (Scotland) Regulations 2004 (EIR)	0	0
Data Protection Act 1988 / UK GDPR 2016 (Subject access requests)	0	0
Data Protection Act 1988 / UK GDPR 2016 (Data breaches)	0	0
Total	28	35

The detail of SOSE's response times and information request handling is shown in Table B:

Table B	2024/25	2023/24
Percentage of requests which received a response within the statutory timescales	96.5%	100%
Percentage of requests which received a response fully or partially disclosed	96.5%	100%
Percentage of requests which received a late response	3.5%	0%
Percentage of requests which were vexatious	0%	0%
Percentage of requests which were withdrawn	0%	0%
Percentage of requests not held	3.5%	0%

FOISA Exemptions Applied to Requests for Information (Table C):

Table C		2024/25	2023/24
Section of ACT (FOISA)	Description of exemption		
30	Substantial prejudice to the effective conduct of public affairs	1	0
33 (1)(B)	Substantial prejudice to commercial interests	0	2
30(B)(II)	Substantial inhibition to the free and frank provision of advice	1	2
30(B)(I)	Substantial inhibition to free and frank exchange of views for the purposes of deliberation	0	0
38(1)(B)	Personal information	3	4
27	Information intended for future publication	1	1
25	Prejudice substantially the interests of the UK abroad	0	1

Table C (continued) Section of Act (FOISA)	Description of exemption	2024/25	2023/24
17	Information not held	3	6
29	Formulation or development of government policy	1	0

Number of Requests for Reviews (Table D):

Table D	2024/25	2023/24
Freedom of Information (Scotland) Act 2002 (FOISA)	3	3
Environmental Information (Scotland) Regulations 2004	0	0
Total	3	3

Number of Appeals to the Office of the Scottish Information Commissioner (Table E):

Table E	2024/25	2023/24
Freedom of Information (Scotland) Act 2002 (FOISA)	0	1

SOSE provide quarterly statistics on FOIs and EIRs to The Scottish Information Commissioner.

Complaints

SOSE is committed to providing high-quality customer services.

We value feedback and use this information to help us improve our services.

Our complaints procedure is easy to use and wherever possible we aim to resolve complaints quickly with a frontline response (Stage 1). If this is not possible a complaint investigation (Stage 2) is carried out.

If the complaint cannot be resolved internally it may be considered by the Scottish Public Services Ombudsman (SPSO).

Details of the complaints are shown in Table F.

Table F	2024/25	2023/24
Frontline response (Stage 1)	7	2
Investigation (Stage 2)	5	2
SPSO	0	0
Total	12	4

Sustainability and Environment Report

SOSE is committed to a Just Transition to Net Zero, focusing on reducing our own emissions and use of resources as well as supporting businesses, social enterprises and enterprising communities across the South of Scotland on their own journeys to Net Zero.

This section focuses on our operational emissions, i.e. the direct emissions SOSE generates through management of our staff and estate, and how we carry out our daily operations. In line with statutory guidance, this represents action under our first climate change duty: reducing emissions (climate change mitigation).

We recognise that we have a wider influence on Net Zero and we describe our work and impact in this area in 2024/25 in our Performance Analysis: Accelerating Net Zero and Nature-Positive Solutions, page 18.

Our report is structured using the [Task Force on Climate-related Financial Disclosures](#) (TCFD) framework's four thematic areas: governance, strategy, risk management, and metrics and targets.

Governance and Risk Management

In relation to the delivery of SOSE's Net Zero Action Plan (outlined below), SLT has accountability for its delivery and for approving the action plan on an annual basis. SLT will receive quarterly updates on progress against the plan and year to date emissions.

Our risk management framework is detailed in our Principle Risks and Uncertainties section (page 9). The oversight and management of climate-related risks and opportunities sits within this framework of governance. In the coming year we will explore the mechanisms for more explicitly integrating consideration of climate-related risks and opportunities into the framework.

Strategy

Our Five-Year Plan and Annual Operating Plan (2024/25)

Our [Five Year Plan](#) sets out our strategic priorities for 2023-28 and how we intend to make a difference through working in partnership with the people, communities and enterprises of the South, and beyond. It also recognises the exciting and significant Net Zero and nature-positive opportunities which will drive the changes and attract the investment needed in our region to accelerate Scotland's transition to a resilient and regenerative wellbeing economy.

Our Five-Year Plan also recognises the need to enhance the region's resilience to climate change adapting to the changes we already see, working closely with key partners and stakeholders to do so.

Our annual [Operating Plan](#) provides further detail on our key activity across 2024/25, including to continue to offer bespoke, tailored advice and signposting to any enterprise seeking to accelerate their transition to Net Zero, including climate resilience.

Our Climate Change Duties

As a public body SOSE has three statutory Climate Change Duties. The duties are set out in the [Climate Change \(Scotland\) Act 2009](#) and require a public body must, in exercising its function, act –

- (a) in the way best calculated to contribute to the delivery of emissions reduction targets (Reducing Emissions)
- (b) in the way best calculated to help deliver the Adaptation Programme (Adaptation)
- (c) in the way that it considers most sustainable (Acting in the Most Sustainable Way).

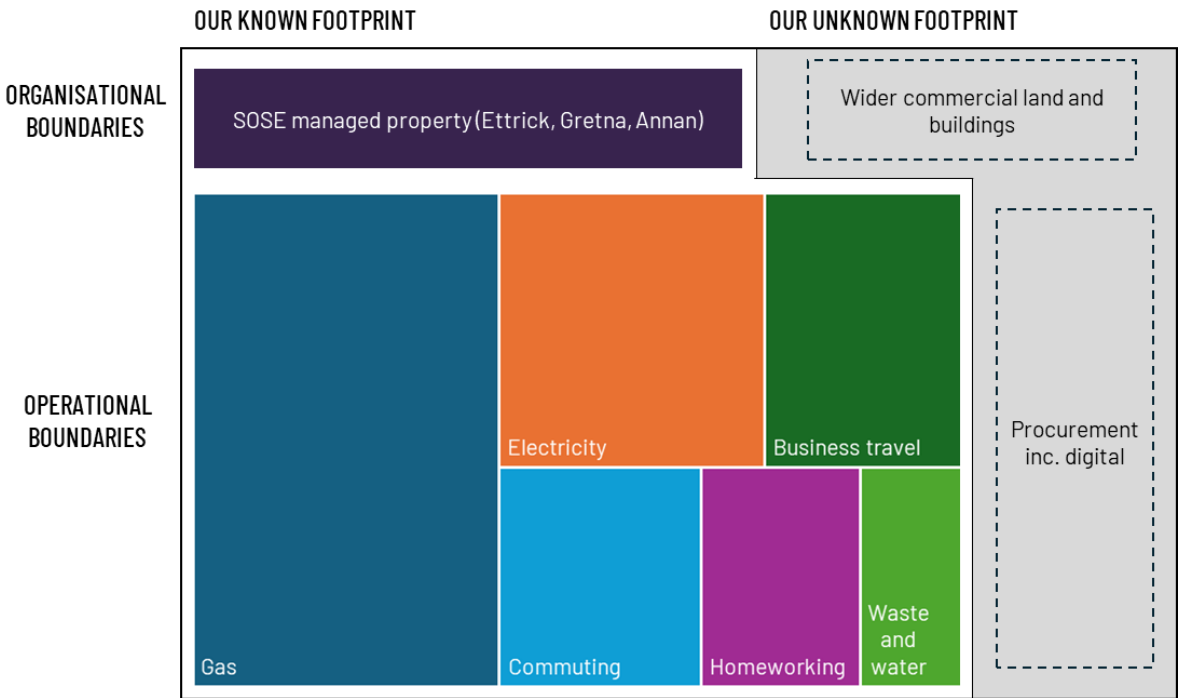
These three duties set our strategic direction for how we engage with climate issues and sustainability. As set out below, we now have a formal action plan which responds to our first duty. We are committed to developing appropriate strategies and plans to deliver our second and third duties.

Our first Net Zero Action Plan

In March 2025, we produced SOSE’s first Net Zero Action Plan, which sets out the steps we will take to meet our target of having a Net Zero operational footprint by 2038.

Our Net Zero Action Plan (NZAP) focuses on our direct impact emissions through management of our staff and estate, and how we carry out our daily operations. This is a living plan which will be reviewed and updated annually, to make sure that we reach our 2038 target in the most efficient and effective way.

Over the next year (2025/26) we intend to definitively set our organisational and operational boundaries and re-baseline our footprint to incorporate key areas of our emissions, for example wider land and property and procurement. We recognise that in the short term this will result in an increase to SOSE’s reported carbon footprint. Once we have done this, we will be able to set a decarbonisation pathway that will enable us to achieve our 2038 Net Zero target.



To help drive momentum and ensure that our decarbonisation action is aligned with what science requires to prevent the worse impacts of climate change, we plan to align our pathway and associated interim targets with the [Science Based Targets Initiative](#) (SBTi) standards.

Our biggest challenge will be to decarbonise where we work, specifically SOSE’s managed properties. Whilst we can look to reduce our energy demand through building fabric improvements and better heating controls, ultimately changing to a clean heat source (for our heating needs) will have the biggest impact on our footprint.

Other key actions of note this year include initiating a joint discussion with our partners on our shared IT / digital platforms and contracts; and separately developing our thinking and approach for carbon insetting/offsetting.

The Net Zero Action Plan is ultimately owned by SLT, who will review and approve the Action Plan on an annual basis.

Procurement and supporting a just transition to Net Zero

SOSE's Procurement Strategy continues to reflect the increasingly important role that procurement plays in enabling SOSE to deliver local environmental and socio-economic benefits whilst supporting a just transition to Net Zero (NZ). The strategy clearly sets out how SOSE's procurement approach contributes to its commitment to a just transition to Net Zero. The strategy sets out how:

- Through developing improved specification SOSE will seek to reduce its carbon emissions.
- Through its procurement activity SOSE will seek to contribute to climate change adaptation; and
- SOSE will embed sustainability at the heart of its procurement activity and aim to deliver on a number of specific sustainable outcomes.

For specific procurement exercises, consideration of the ways in which the desired contract will meet SOSE objectives is undertaken and built into the specification issued to prospective bidders. Consideration is routinely given to the impact of the procurement exercise – and includes, as appropriate, climate considerations.

Examples of where our procurement policy has supported our Net Zero aims are:

- Our office supplies framework reduces the use of single use plastics (SUP) in its product range, packaging and logistics operations.
- Use of re-purposed furniture in our partner's new offices at SRUC.
- The continuation of the organisation's salary sacrifice scheme for Electric Vehicles (EV), and promoting the use of EV across SOSE staff.
- Procurement of consultancy support to develop and deliver a number of carbon reduction projects across the South of Scotland.
- The continued use of circular products in SOSE's marketing material.

SOSE does not routinely purchase a high volume of goods, but when they are required SOSE seeks to procure responsibly and with sustainability in mind. This includes purchasing second-hand goods when appropriate and available, and minimising logistic-related emissions by purchasing from local suppliers as much as possible.

As part of procurement competitions, particularly for regulated tenders*, sustainability is embedded into the process to understand the social, economic and environmental impact of all contracts we award.

As evidence of sustainability SOSE may ask bidders to provide specific details around:

- Fair Work practices and commitment to the real living wage
- Sustainability policies/initiatives with emphasis around net-zero targets and knowledge of public sector policies and objectives
- If any Community Benefits can be derived from the contract providing bidders with examples.

This will be carried out in a proportionate manner related to the value of the contract and tailored to suit the goods or services we are purchasing.

*The Procurement Reform Act (Scotland) 2014 set a contract threshold of £50,000 for goods and service contracts. Procurements with estimated values above these thresholds, are subject to the competitive tendering rules set out in the Regulations. These procurements are generally referred to as 'regulated procurements'.

Metrics and Targets

In 2024/25 we refined our approach to monitoring and reporting our operational carbon emissions data. This included creating an emissions dashboard that provides a monthly view of our year-to-date emissions that is available to anyone in the organisation to access and evolves to incorporate additional activities into our reported footprint (see table on page 47).

As part of our 2025/26 Net Zero Action Plan we have committed to re-baselining our carbon footprint to incorporate additional areas of emissions that should be incorporated to more accurately reflect our organisational and operational boundaries, in line with statutory guidance and recognised best practice. Once we have re-baselined our footprint we will have a more comprehensive baseline against which we can set our decarbonisation pathway to Net Zero by 2038 and associated interim targets.

The tables below provide an accurate illustration of our operating emissions.

		2024/25	2023/24
Waste and water			
Non-financial indicators (tonnes CO2e)	Total Greenhouse Gas (GHG) emissions (from waste and water)	21.87	27.04
Non-financial indicators	General Waste (Tonnes)	40.35	47.30
	Recycled Waste (Tonnes)	44.68	46.33
	Total Waste (Tonnes)	85.03	93.63
Financial indicators (£'s)	Total disposal and water costs	£25,598	£19,325*2
Utilities & Business Travel			
Non-financial indicators (tonnes CO2e)	Electricity	69.39	64.15
	Gas	143.97	126.69
	Business Travel	53.16	53.73
	Total GHG emissions	266.52	244.57
Non-financial indicators (kWh)	Electricity	268,236	282,037
	Gas	787,194	692,555
	Total	1,055,430	974,592
Financial indicators (£'s)	Electricity	£97,944	£92,995
	Gas	£43,501	£18,501*2
	Business Travel	£96,110	£95,131
	Total	£237,555	£206,627
Home working			
Non-financial indicators (tonnes CO2e)	Energy & heating Total GHG emissions	33.00	31.25
Commuting			
Non-financial indicators (tonnes CO2e)	Miles travelled Total GHG emissions	42.04	n/a
Total GHG Emissions			
Non-financial indicators (tonnes CO2e)	Total GHG Emissions	363.43	302.86
	Percentage Change	+20%	

	2024/25	2023/24
Emissions per average number of employees		
Average number of employees	143	140
GHG emissions per employee (tonnes CO₂e)	2.541	2.163

*As a result of including energy consumption from our tenancy of the Hawick Business Centre (HBC) for 2024/25, there has also been a 0.94 tonnes CO₂e adjustment to account for our tenancy of HBC starting in February 2024.

*2 Financial indicators include prior year adjustments

Note: We use the latest GHG Conversion Factors when accounting for the whole financial year.

We have reported data in relation to waste, utilities (incl. water), and business travel where we are directly responsible for these costs. Our data reporting system is built on the principles of the GHG Reporting Protocol and references the UK Government GHG Conversion Factors for Company Reporting. Our data now accurately quantifies Scope 1 and 2 and some Scope 3 emissions across our operations.

As reported in 2023/24, we have quantified employee home working impacts associated with energy (lighting and IT equipment) and heating. We have applied the best available methodology and referenced manufacturers data to do this within our reporting system. We will continue to report home working as accurately as possible (accounting for leave days and office days in our calculations) as part of our hybrid working model.

For 2024/25 we have quantified employee commuting impacts for the first time. Similar to home working we have applied the most appropriate methodology and utilised data within our reporting system to do so; however, we will continue to develop our commuting methodology and data capture to ensure we report as accurately as possible our commuting impacts as part of our hybrid working model.

Our emissions have increased by 20% when compared with the previous reporting period, however this is not like for like given we have included our employee commuting footprint for the first time along with the energy consumption from our tenancy of Hawick Business Centre. Therefore, the changes in our emissions profile are explained as follows:

- Calculating our employee commuting impacts for the first time
- An increase in gas and electricity usage in our offices this past year, including the year-long occupancy of the Hawick Business Centre, and a small increase in emissions associated with homeworking
- Conversely, there were falls in emissions associated with waste and water use

Other areas of activity have included:

- Continued delivery of Carbon Literacy training as part of the SOSE Induction of new staff with two cohorts of employees trained in 2024/25.
- Continued uptake of SOSE's Electric Vehicle (EV) Salary Sacrifice Scheme with 21 members of staff currently taking advantage of the scheme (since its introduction in March 2023) which represents almost 15% of the workforce.
- Produced our first Net Zero Action Plan.

In Performance Analysis: Accelerating Net Zero and Nature-Positive Solutions, page 18, we have provided detail behind our wider, external metrics that include our net zero and emissions impact through our investment into our regions' businesses, social enterprises and enterprising communities.

Jane Morrison-Ross

J Morrison-Ross

Chief Executive and Accountable Officer

South of Scotland Enterprise

20 August 2025

48| South Of Scotland Enterprise| Annual Report and Accounts 2024/2025



Accountability Report

Directors' Report

Board

The South of Scotland Enterprise Act 2019 which provides the legal framework for SOSE, allows for a Board of up to 10 members, plus the SOSE Chair and Chief Executive. Scottish Government Ministers appointed the chair and 10 members through the public appointment process.

Board Membership

	Appointed	Leaver / term ended*	Re-appointed
Russel Griggs (Chair) ^{*1}	1 April 2020		1 April 2023
Jane Morrison-Ross (Chief Executive)	22 February 2021		
Alistair Cameron	9 March 2020		9 March 2024
Helen Forsyth	9 March 2020		9 March 2024
Duncan McConchie	9 March 2020		9 March 2024
Jeremy Sainsbury ^{*2}	9 March 2020	30 May 2025	9 March 2024
Vivienne Cockburn ^{*3}	1 April 2022	31 March 2025	
Emma Guy	1 April 2022		
Kirsten Hannay	1 April 2022		
Paul Winstanley	1 April 2022		
Rory Christie	9 March 2024		
Mary Thomson	9 March 2024		
Anna Austin	1 April 2025		

^{*1} Russel Griggs – has been reappointed as Chair for a further 4 years to 2027

^{*2} Jeremy Sainsbury resigned post year-end due to other commitments.

^{*3} Vivienne Cockburn resigned in year; Viv has remained as a co-optee to provide advisory support to the new chair of ARC.

Board appointments and re-appointments made in 2024 were for a 4-year term.

Senior Leadership Team

The Senior Leadership Team is responsible for the day-to-day management of SOSE operations and activities. The Chief Executive is a member of both the Board and the Senior Leadership Team.

Senior Leadership Team Membership

	Job title	Appointed	Leaver
Jane Morrison-Ross	Chief Executive	22 February 2021	
Karen Jackson	Director of Strategy, Partnership and Engagement	9 December 2019	
Anthony Daye	Director of Finance and Corporate Resources	9 March 2020	
	Acting Director of Place and Enterprise	15 January 2024*	
Martin Valenti	Director of Net Zero, Nature and Entrepreneurship	5 July 2021	
Allan Harrow	Interim Director of Finance and Corporate Resources	15 January 2024*	

* For the entirety of the year Anthony Daye and Allan Harrow remained in the above noted interim roles

Register of Board members' interests

SOSE supports the highest standards of corporate governance and has in place codes of conduct both for Board members and staff. In compliance with the Ethical Standards in Public Life etc. (Scotland) Act 2000, the SOSE Code of Conduct for Board Members is published on our website, together with details of company directorships and other significant interests held by Board members:

<https://www.southofscotlandenterprise.com/who-we-are/our-board>

<https://www.southofscotlandenterprise.com/media/i2epmeaw/april-2025-website-summary-registers-of-interest.pdf>

Data loss

There were no reported data losses or reportable data breach incidents in the year 2024/25 (nil 2023/24).

Appointment of auditors

Under the Public Finance and Accountability (Scotland) Act 2020, the Auditor General for Scotland has appointed Audit Scotland to carry out the external audit for the year ended 31 March 2025. The accounts of SOSE are audited by auditors appointed by the Auditor General for Scotland.

Fees chargeable for audit services provided by Audit Scotland amounted to £119,670. (2023/24: £117,058, including a rebate of £342). There were no fees payable to Audit Scotland for non-audit work during the year.

Severance payments

Detail of severance payments are included within the exit packages section of the Remuneration and Staff Report.

The Statement of Accountable Officer's Responsibilities

Under section 15 of the South of Scotland Act 2019, Scottish Ministers have directed South of Scotland Enterprise to prepare, in respect of each financial year, a statement of accounts, and to send a copy of the statement to the Auditor General for Scotland, for auditing. In addition, SOSE must, after each financial year, prepare and publish a report of its activities during the year and send a copy of the report to the Scottish Ministers to be laid before the Scottish Parliament. The accounts are prepared on an accruals basis and must give a true and fair view of the situation of SOSE and of its Income and Expenditure, Statement of Financial Position and Cash Flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Scottish Public Finance Manual (SPFM) and the Government Financial Reporting Manual (FReM) and to:

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that the Accountable Officer takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accountable Officer for the Scottish Government has designated me as the Chief Executive and as the Accountable Officer of SOSE. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which I am, as Accountable Officer, answerable, for keeping proper records and for safeguarding SOSE's assets, are as set out in Managing Public Money published by HM Treasury.

As Accountable Officer I am responsible for signing the accounts and ultimately responsible to the Scottish Parliament. I am both Chief Executive of SOSE and the appointed Accountable Officer and the appointment as Chief Executive does not detract from the overall responsibility as Accountable Officer for SOSE's accounts. I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

As the Accountable Officer, I have taken all the necessary steps I ought to have taken to make myself aware of any relevant audit information and to establish that SOSE's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

In these statements, as Accountable Officer, I confirm:

- That the annual report and accounts as a whole is fair, balanced and understandable
- The propriety and regularity of SOSE's finances and confirm that there are adequate and effective arrangements for internal control and risk management
- That the resources of SOSE as a public body are used economically, efficiently and effectively, and that arrangements are in place to secure Best Value and deliver Value for Money for the public sector as a whole
- Compliance with relevant guidance issued by Scottish Ministers, in particular the SPFM.

Governance Statement

As Accountable Officer, I Jane Morrison-Ross, have responsibility for maintaining a sound system of corporate governance and internal control that supports the achievement of SOSE's aims and objectives, set out in the South of Scotland Enterprise Act 2019 by Scottish Ministers, whilst safeguarding the public funds and assets for which I am responsible, in accordance with the responsibilities assigned to me.

Framework

SOSE operates under the sponsorship of the Scottish Government and the Chair of the Board and Chief Executive meet regularly with Government officials and Sponsor Team to deliver on the SOSE Act and to lead as the Economic and Community Development Agency for Dumfries and Galloway and Scottish Borders.

This statement reports on SOSE's overall governance framework including risk management and internal control systems and the main components that were in place and operating effectively in 2024/25.

The governance of SOSE is directed and overseen by the Board, led by the Chair. In addition to Board responsibility for strategic direction and oversight of SOSE's financial and operational delivery, three Committees undertook the governing responsibilities on behalf of the Board during 2024/25.

- Audit and Risk Committee
- People and Organisational Development Committee
- Just Transition Committee.

Board, committee and executive management structure

The following Board, committee and executive structure underpins and supports:

- the activities which ensure compliance with legislation, regulations, standards, codes and policies, and provide assurance to Scottish Government, partners, clients and the public
- an appropriate level of scrutiny and challenge
- the opportunity for innovative and creative thinking to take place.

Committee	Comprises	Meeting frequency	Conducted
Board	The Board comprises a total of eleven members	6 times per year plus ad hoc	Face to Face or virtual by exception. Board meetings are carried out within the community throughout the region
Audit and Risk Committee (ARC)*	Committee Chair plus two SOSE Board Members, with Auditors and officers in attendance	5 times per year plus ad hoc	Virtually and face to face
People and Organisational Development Committee (POD)	Committee Chair plus two SOSE Board Members, with officers in attendance	3 times per year	Virtually and face to face
Just Transition Committee (JTC)**	Committee Chair plus two SOSE Board Members and ten external Members	3 times per year	Virtually and face to face

* ARC terms of reference were updated in the year, ARC met 4 times in 2024/25, one meeting was rescheduled resulting in lengthening the duration of the next.

** JTC met twice in 2024/25. The Committee ended in February 2025

SOSE Board is further supported by executive management structures including the Property Board including Health and Safety Committee, Programme Board for the major project Mountain Bike Innovation Centre and Appraisal Panel. These groups report to the Senior Leadership Team, Committees and Board.

Board delegates its authority for strategic delivery and operational management to the Chief Executive and four Directors. Together, the Chief Executive, Director of Finance and Corporate Resources, Director of Net Zero, Nature and Entrepreneurship, Director of Place and Enterprise, and Director of Strategy, Partnership and Engagement, form the Senior Leadership Team (SLT). SLT is further supported by the Senior Management Team.

Corporate Governance

SOSE complies with the Scottish Public Finance Manual (SPFM), follows the Government Financial Reporting Manual (FReM), and applies good practice and relevant guidance related to governance matters.

SOSE's governance arrangements include the reporting structure of Board, Committees and Senior Leadership Team, with governance related policies and clear roles and responsibilities and delegated authority arrangements which are transparent and supported by a clear evidence base.

The key components of the Governance Framework in SOSE are:

- Board and Committee terms of reference and forward plans
- Delegations to the Chief Executive and Senior Leadership Team through Committees
- SLT Terms of Reference
- Delegated Authority Policy
- Accounting Policies
- Corporate Policies
- Assurance Framework including Risk Management Framework
- Internal Audit Strategy and Annual Plan
- Annual Internal Controls Certification prepared, reviewed, and signed by Executive Directors and reviewed by the Chief Executive as Accountable Officer.

SOSE Board

Our Board membership changed in the year with one member leaving. Board continued to lead SOSE throughout the year by its leadership, guidance, and support and in practice, through its schedule of meetings as well as ad-hoc meetings, visits, and engagements.

Board, led by the Chair, Russel Griggs OBE, drive forward the vision and strategy of SOSE to promote the South of Scotland as a leader in innovation and entrepreneurship and center of opportunity and growth.

Board Members comply with the latest Model Code of Conduct for Members of Devolved Public Bodies, December 2021, including compliance with declarations of interest and they adopt the principles of the Ethical Standards in Public Life (Scotland) Act 2000.

Board Members appraisals were conducted by the Chair.

Risk

Strategic direction by the SOSE Board

The Board's strategic responsibilities include ensuring there are sound and adequate governance arrangements in place including internal audit and risk management frameworks. Board maintains strategic scrutiny of corporate risks and risk management arrangements, on at least an annual basis, ensuring that the framework enables risks to be assessed and managed as well as ensuring compliance with Scottish Government guidance on risk management.

The SOSE Board on at least an annual basis review the Corporate Risk Register and set the risk appetite for each year. Board also notes the Horizon Scanning carried out and the Audit and Risk Committee's approval of the Corporate Risk Register and the Risk and Internal Audit Policy.

Supervision and oversight by the Audit and Risk Committee (ARC)

The SOSE Audit and Risk Committee has a key role in ensuring the maintenance of the risk management framework as it supports the Board in its responsibilities for risk management, internal control, and corporate governance issues. The Committee receive reports twice-yearly, on risk from the Head of Governance and Assurance, to allow it to consider the adequacy of arrangements for the assessment and management of risks, with a particular focus on the corporate risks. ARC carries out deep dive risk reviews to provide additional assurance on areas of risk to SOSE including top Directorate risks, Major Project risks and emerging issues.

Management by the Senior Leadership Team (SLT)

SLT considers corporate level risks on at least a quarterly basis and carries out Horizon Scanning using the PESTELS structure, at least twice per year. SLT reviews and makes changes to corporate risks including escalation from Directorate or Project risk registers, and de-escalation where appropriate.

Individual SLT members' responsibilities include review and update of Directorate Risk Registers and also any Project Risk Registers within their areas. SLT is responsible for resourcing the overall risk management framework and individual Executive Directors are responsible for implementing arrangements to support the management and control of risks within their own area of the business.

Risk Management Framework

The Risk Management Framework utilised in SOSE is compliant with Scottish Government good practice guidelines and the Scottish Public Finance Manual (SPFM).

Risks identified from across the business are captured and managed in the Ideagen risk management database which supports monitoring and reporting to SLT, ARC and Board and contains the risk registers, with planned actions for mitigating risk maintained by risk owners. Escalated from operational teams or projects or identified from horizon scanning at SLT, ARC and Board, corporate risks, with their rating, mitigations and relevant risk appetite are considered as part of decision making on projects, funding support and other intervention decisions. Risk registers drive decision making so that business decisions are made, and risk is taken within tolerable risk appetite as set by Board, so that the impact of mitigations to manage risks improves the likelihood of successful outcomes and positive future outcomes.

Annual risk register refreshes for 2024/25 were conducted across all Project, Directorate and Corporate Risk Registers, this process was overseen by the Audit and Risk Committee, with the risk appetite being updated and approved by Board.

Both the major investment project, Mountain Bike Project, and the major business project, MySOSE System, were reported on regularly to Programme Boards, Audit and Risk Committee and Board throughout the year.

Significant Risks

In 2024/25, monthly reviews of strategic level corporate risks took place allowing for SLT, ARC and Board to update, note, monitor and review the Corporate Risk Register. At the end of the financial year the Corporate Risk Register included the following risks (see page 9 for additional details):

- MySOSE Project
- Resource Capacity
- Mountain Bike Project
- Staff Resilience
- SOSE's New Strategic Direction
- Cyber Security
- Scottish Governments Shared Service Arrangements

Business Continuity Framework

In 2024/25, SOSE implemented our Business Continuity Management System (BCMS) which contains all Business Continuity Policies, Procedures and Plans.

SOSE use the UK Government Inform system which allows SOSE to issue emergency response communications in the event of business disruption. We continue to operate in a hybrid working environment which serves as a disaster recovery back-up should offices be unavailable.

The Business Continuity Steering group met regularly throughout the year to help implement the new framework which is maintained and co-ordinated by the Business Continuity Lead for the business, supported by the Business Continuity Coordinators across the business who have helped assess the business needs and will help to embed Business Continuity culture within the business.

The progress of this Framework development has been reported on regularly to the SLT, Audit and Risk Committee and Board.

The risk management and internal control systems set out in this report have been in place for the year 2024/25 and up to the date of approval of the annual report and accounts.

The key risk management and internal control systems are further supported by internal Information Systems Assurance activities, with regular monitoring review and assurance from Internal Audit.

Information Systems Assurance

SOSE continues to obtain assurances on the security and integrity of its IT systems, principally from the Shared Services contractual arrangements in place with Skills Development Scotland (SDS/EIS) and Scottish Enterprise (SE), for its core business systems. Key controls over information management include access to file sharing apps being controlled centrally and the IT Usage Policy, which with other policies and procedures, ensures the physical security of devices.

Led by SE, the core operational management CRM Partnership Agreement provides assurance with back-office support and capability put in place through an Enterprise Information Services (EIS) contract.

A major business project for SOSE comes to completion in 2025-26 for a newly developed CRM system to replace the existing SE CRM system. Developed to more suit the way SOSE operate and interact with our clients. The project started in 2022/23 with a go-live date in April 2025. The new system is based on existing and proven technology and meets the Digital Scotland Service Standards (DSSS).

SOSE is a member of the Partner-wide EIS Security Group and obtains assurance on the security and integrity of its IT systems.

An ongoing cyber security programme including cyber awareness training brings continuous improvements to SOSE's security. This training is proving to be highly effective as evidenced by zero compromised staff in the last simulation in March.

Cyber Essentials Plus accreditation continues to be achieved on an ongoing annual basis along with our partners and managed by EIS.

There have been no major instances of information loss or other data breaches during the year.

Health and Safety

SLT and Board are fully committed to meeting its responsibilities under the Health and Safety at Work etc. Act 1974. The Chief Executive, as Accountable Officer is ultimately responsible for ensuring that SOSE complies with all relevant Health and Safety legislative requirements. The Accountable Officer delegates authority for Health and Safety management within SOSE at an operational and delivery level to Executive Directors, reporting to the Health and Safety Committee which includes a Board member, and which reports regularly to SLT and Board.

Within the year, SOSE carried out induction training for all new employees and refresher training for all staff as well as specific emergency and first aid training. SOSE has developed incident reporting through a tool and app within the Hub intranet. There were no Health and Safety incidents requiring report to the Health and Safety Executive in the year.

Value for Money and Business Improvement

SOSE achieves value for money as an integral part of its financial and business planning and service delivery. Achieving this aim is also central to promoting Fair Work and Net Zero aims as well as digital connectivity, improved transport and infrastructure, sustainable and efficient use and reuse of resources and promoting efficient and innovative commerce and industry.

Efficiency in procurement, following best value principles and in delivering core business systems was achieved in the year by continuing partnering arrangements. Shared Services Agreements continued with Scottish Enterprise and Skills Development Scotland for core finance and business systems and contracted Internal Audit services from Scottish Enterprise and corporate office system support from EIS.

Strategic Planning and Performance Measures

As part of the strategic planning remit SLT are responsible for measuring performance of the organisation, regular updates on the Performance Measurement Framework (PMF) measures are brought to SLT by the Head of Performance and Pipeline detailing our successful performance and effectiveness. Key activities are drawn from the overall corporate aims and targets to meet our operating and strategic priorities, and these are cascaded into Directorate Plans and individual performance objectives which are monitored by line and Directorate management.

Managing Public Money

The Finance team are responsible for regular Budget monitoring, working with all Budget holders to forecast and manage expenditure. The finance team have continued to implement and develop our reporting in the year which includes regular reporting to SLT and Board, capturing and analysing data through the Power BI application and reporting.

Fraud Prevention

SOSE aligns to the Scottish Government's Scottish Public Finance Manual in relation to fraud prevention and follows that guidance on the approach to, and methodology for counter fraud, anti-corruption and bribery including reporting. There were no frauds reported in 2024/25 (2023/24: nil).

SOSE's Counter Fraud Policy covers the breadth of probity requirements which SOSE is subject to within the public sector, including fraud prevention, anti-bribery, anti-money laundering, cyber fraud, probity around gifts and hospitality and declarations of interest, whistleblowing, and reporting.

Internal Audit

Internal Audit in SOSE is provided by Scottish Enterprise within the Shared Service Framework. Their Annual Programme of work, approved by ARC, is drawn from a three-year Strategic Priorities Plan, which in turn is aligned to SOSE's strategic priorities and key risks.

The Internal Audit Annual Programme for 2024/25 was delivered and included audit reviews of:

Mountain Bike Innovation Centre; Performance Management Framework; Net Zero; Key Financial Controls; Financial Management; Partnership Working; Risk Management; IT Partnership Audit – Governance & Follow Up.

All Internal Audit reports are reported in full to ARC. Areas of concern are reported by ARC to Board, highlighting issues, action plans and progress on achievement of recommendations to remedy and improve internal controls to a satisfactory level. One area of limited assurance reported was the Net Zero report by Internal Audit during 2024/25, this was reported by ARC to Board and all actions were fully implemented.

For 2024/25 the conclusion of internal audit work carried out, and reported to the SOSE Audit and Risk Committee, identified an overall moderate level of assurance on SOSE's framework of governance, risk management and management control.

External Audit

SOSE's external auditor is Audit Scotland. Specifically, the individuals acting on behalf of the Auditor General for Scotland, are responsible for auditing these financial statements for 2024/25. External Audit have reviewed this governance statement for its consistency with evidence collected during their annual audit and with other information gathered by them during the year.

Conclusion

As Accountable Officer, I confirm that I am satisfied with the effectiveness of SOSE's arrangements to ensure appropriate standards of corporate governance and effective risk management are met. I also confirm there were no significant control weaknesses, losses or identified data security incidents or data breaches during the year ended 31 March 2025 and to the date of signature of the accounts.

Remuneration and Staff Report

The sections marked (Audited) in this Remuneration and staff report are subject to separate opinion by Audit Scotland. The other sections were reviewed by Audit Scotland to ensure they were consistent with the financial statements.

People and Organisational Development Committee

The People and Organisational Development Committee reviews and determines the remuneration of the Chief Executive and Directors of the agency on an annual basis and within the context of budgetary constraints and Scottish Government pay policy.

The Scottish Government finance pay policy team determines that the above decisions are subject to Scottish Government approval.

Remuneration of Board Members

Board members of SOSE are appointed by Scottish Ministers normally for a period of four years. Under certain circumstances Board members may be eligible for re-appointment for a second term. Their remuneration is set by the Scottish Government and is not pensionable. £1.6k benefits in kind were made to members of the Board during the year ended 31 March 2025 in relation to travel expenses (2023/24: £2.8k).

Remuneration of the SOSE Board members for the year ended 31 March (Audited)

	2024/25	2023/24	Appointment expires
	£000	£000	
Russel Griggs ^{*1}	55-60	55-60	31 March 2027
Alistair Cameron	5-10	5-10	8 March 2028
Helen Forsyth	5-10	5-10	8 March 2028
Duncan McConchie	5-10	5-10	8 March 2028
Jeremy Sainsbury	5-10	5-10	Resigned effective 30 May 2025
Vivienne Cockburn	5-10	5-10	Leaver 31 March 2025
Emma Guy	5-10	5-10	31 March 2026
Kirsten Hannay	5-10	5-10	31 March 2026
Paul Winstanley	5-10	5-10	31 March 2026
Rory Christie	5-10	0-5	8 March 2028
Mary Thomson ^{*2}	5-10	0-5	8 March 2028

^{*1} Russel Griggs, has been reappointed as Chair for a further 4 years to 2027.

^{*2} Mary Thomson's remuneration has been waived and paid directly to Scotland's Rural College (SRUC).

Remuneration of Members of the Leadership Team

The contracts of members of the SOSE Leadership Team (SLT) are permanent and have a three-month notice period. There are no early termination payment clauses within these contracts. SOSE offer an electric vehicle salary sacrifice scheme, 2 members of the SLT have taken up this benefit. £0.6k benefits in kind were made to senior members of the SOSE Leadership Team (2023/24: nil). All members of the SOSE Leadership Team are members of the Scottish Borders Council Local Government Pension Scheme (LGPS).

SOSE contribute 19.4% for all members of the Scottish Borders Council LGPS with the employee's contribution rate dependent on individuals' rate of pay. The scale for employees' contribution range between 5.5% and 12% on individual's pensionable pay.

Remuneration of the SOSE Leadership Team for the year ended 31 March (Audited)

	Actual for year to 31 March 2025					Actual For year to 31 March 2024				
	Salary FTE ¹	Salary	Non-cash benefit	Pension benefit	Total	Salary FTE ¹	Salary	Non-cash benefit	Pension benefit	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Jane Morrison-Ross	125-130	125-130	-	43	165-170	115-120	115-120	-	48	165-170
Karen Jackson	105-110	105-110	0.6	37	140-145	100-105	100-105	-	42	145-150
Anthony Daye	105-110	95-100	7.5	39	140-145	100-105	95-100	5.2	53	150-155
Martin Valenti	105-110	95-100	9.8	21	125-130	100-105	95-100	3.9	129 ^{*2}	225-230
Allan Harrow ^{*3}	90-95	90-95	-	31	120-125	85-90	15-20	-	7	25-26

^{*1} FTE – Full time equivalent (prior to salary sacrifice deduction).

^{*2} Includes transfer-in of benefits from former pension provider in the year

^{*3} Interim Director Position, in 2023/24 actual salary and pension benefit relates only to period in the SLT

The value of pension benefits accrued during the year is calculated as the real increase in pensions and applying the HMRC methodology multiplier of 20 plus the real increase in any lump sum. The real increases exclude increases due to inflation and are net of contributions made by the individual.

Salary information (Audited)

In the year remuneration, including the highest paid member of the SLT (CEO), ranged from £25k - £125k (2023/24: £23k - £119k). No employee received remuneration in excess of the CEO.

Fair pay salary disclosures

	2024/25		2023/24	
	Salary	% change	Salary	% change
Highest paid director	£125,233	↑ 5.0%	£119,270	↑ 2.8%
Average all employees	£54,779	↑ 4.1%	£52,601	↑ 12.5%

Reporting bodies are required to disclose the relationship between the salary of the most highly paid director in their organisation and the 25th and 75th percentile and median earnings of the organisation's workforce, this data is shown in the table below:

	2024/25			2023/24		
	Salary	Ratio*	% change	Salary	Ratio*	% change
Median total remuneration	£52,817	2.4	3.0% ↑	£51,279	2.3	↑ 12.1%
25 th percentile	£43,643	2.9	3.0% ↑	£42,372	2.8	↑ 16.7%
75 th Percentile	£62,421	2.0	3.0% ↑	£60,603	2.0	↑ 12.8%

*Ratio against highest paid director

The movement in pay ratios are consistent with SOSE's pay and progression policies available to all staff.

In 2023/24, the pay increases were tiered, with higher uplifts allocated to individuals in the 25th and 50th percentiles compared to those in the 75th percentile.

Employee benefit disclosure

In 2024/25, 21 employees are opted into the salary sacrifice electric vehicle scheme exchanging £138k (2023/24: £79k) of their gross salary and 4 employees utilised the cycle to work scheme sacrificing £8k (2023/24: £15k). The sacrificed amounts are included within the gross salary figure stated on page 64; no other benefits were paid to employees.

Accrued Pension Benefits

Pension benefits for employees are provided through the Local Government Pension Scheme (Scotland), administered by the Scottish Borders Council Pension Fund.

The LGPS is a registered Public Service Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004. It achieved automatic registration by virtue of Part 1 of Schedule 36 of that Act (because the scheme was, immediately before 6 April 2006, both a retirement benefits scheme approved under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 and a relevant statutory scheme under section 611A of that Act). It complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004.

The LGPS meets the government's standards under the automatic enrolment provisions of the Pensions Act 2008. The LGPS is a CARE (Career Average Revalued Earnings) scheme. This means that pension benefits are worked out on the pensionable years' earnings and added to the member's accrued benefits to date. At the end of every scheme year the total amount of pension in the members account is adjusted to take into account the cost of living.

The accrual rate (currently 1/49th) guarantees a pension based on career average earnings revalued annually in line with inflation.

Normal retirement age is linked to the member's individual State Pension Age.

Contribution rates are set annually for all employees. LGPS members with pre-01/04/2009 service have an automatic entitlement to a lump-sum. Members with only post 01/04/2009 service have no automatic entitlement to a lump sum.

Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

McCloud Judgement

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment.

In the Local Government Pension Scheme (Scotland), where a protected member takes their pension, the pension from the career average scheme, compared with the pension that would have built up in the final salary scheme. The member receives the higher amount. This protection is called the "underpin".

The Public Service Pensions Remedy ("underpin") applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022.

Senior Officials Pension (Audited)

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below.

2024/25

	Accrued pension at pension age at 31 March 2025	Accrued lump sum at pension age at 31 March 2025	Real increase in pension for period to 31 March 2025	Real increase /(decrease) in lump sum for period to 31 March 2025	CETV* at 31 March 2025	CETV* at 31 March 2024	Real increase in CETV
	Band £5000	Band £5000	Band £2500	Band £2500	£000	£000	£000
Jane Morrison-Ross	10-15	-	2.5-5.0	-	164	116	48
Anthony Daye	35-40	-	0-2.5	-	509	459	50
Karen Jackson	10-15	-	0-2.5	-	152	110	42
Martin Valenti	35-40	30-35	0-2.5	-	755	717	38
Allan Harrow	5-10	-	0-2.5	-	84	52	32

*CETV – Cash equivalent transfer value

Cash equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total pensionable service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be considered:

1. the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
2. the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Report

Staff Costs:

	2024/25			2023/24		
	Permanent Staff	Other Staff	Total Staff	Permanent Staff	Other Staff	Total Staff
	£000	£000	£000	£000	£000	£000
Wages and salaries	7,569	168	7,737	7,091	208	7,299
Compensation and exit packages	34	-	34	29	-	29
Pension costs	1,431	33	1,464	1,490	41	1,531
Social security costs	858	13	871	799	20	819
Apprenticeship levy	24	-	24	22	-	22
Holiday pay accrual	59	(1)	58	72	2	74
Salary sacrifice savings pass back	47	-	47	11	-	11
Less: Outward secondments allocated to project cost	-	-	-	(21)	-	(21)
Less: Capitalised staff costs	(151)	(29)	(180)	(173)	(44)	(217)
Board Members' remuneration	151	-	151	144	-	144
Net staff costs in SOCNE	10,022	184	10,206	9,464	227	9,691
IAS pension service cost	-	-	718	-	-	(29)
Net management expenditure on staff costs (Note 6, page 93)	-	-	10,924	-	-	9,662

Secondments out

Wages and salaries include a secondment out including salary, employer's national insurance and employer's pension contributions totalling £47k.

Employee numbers and gender

Average number of employees between 1 April and 31 March:

	2024/25			2023/24		
	Permanent Staff	Other Staff	Total Staff	Permanent Staff	Other Staff	Total Staff
Senior Leadership Team	5.0	-	5.0	5.0	-	5.0
Senior Management Team	16.0	-	16.0	16.0	1.0	17.0
Front Line Workers	108.6	5.1	113.7	109.5	2.5	112.0
Administration/Support Staff	8.7	-	8.7	5.0	1.0	6.0
Total	138.3	5.1	143.4	135.5	4.5	140.0

Board members and employees by gender at 31 March:

	2024/25			2023/24		
	Male	Female	Total	Male	Female	Total
Board	6	5	11	6	5	11
Employees						
Leadership Team	3	2	5	3	2	5
Other employees	51	89	140	53	82	135
Total Employees	54	91	145	56	84	140

The system collects data for male, female, other, prefer not to say, the above represents the responses received.

Sickness Absence

The attendance record for SOSE for the year 31 March 2025 was 810.8 days sick leave (2023/24: 591) out of a total of 30,521 possible working days representing a time lost through rate of 2.7% (2023/24: 2.0%)

Turnover rate

During the year there was 4.2% staff turnover (2023/24: 7.8%)

Compensation and exit packages

1 member of SOSE staff left under severance terms between 1 April 2024 and 31 March 2025, at a cost of £34,485 (2023/24: 1, cost £29,375).

	2024/25			2023/24		
	Compulsory or voluntary redundancy	Other departures agreed	Total	Compulsory or voluntary redundancy	Other departures agreed	Total
Exit package cost band						
<£10,000	-	-	-	-	-	-
£ 10,001 - £25,000	-	-	-	-	-	-
£ 25,001 - £50,000	-	1	1	-	1	1
£ 50,001 - £100,000	-	-	-	-	-	-

Trade Union Facility Time

The Joint Consultation and Negotiation Committee (JCNC) meets regularly and involves members of our Senior Leadership Team and representatives from our recognised trade union, PCS. Through this we share information, discuss issues of mutual concern, consult and, where appropriate, negotiate on policies, procedures and terms and conditions of employment, recognising the benefits of a positive and open relationship with our recognised trade union.

Statutory requirements of the Trade Union (Facility Time Publications Requirements) Regulations 2017 should therefore be considered in the context of the benefits both for the workforce and the employer. As part of our commitment to working in partnership we offer paid facility time to our workplace representatives to enable them to carry out union activities and duties.

Percentage of working hours spent on facility time	Number of union officials
1 - 50%	2

The total cost of facility time amounted to 0.31% (2023/24: 0.31%) of the total pay bill, including the gross amount spent on wages, pension contributions, and national insurance contributions. Circa 50% of the total paid facility time hours was spent on trade union activities.

Investing in our people and culture

Information on the following can be found in the Performance Report, page 22.

- Inclusion, diversity and equality
- Our people and culture
- Learning and development

Parliamentary Accountability Report and Audit Report

The results for the year to 31 March 2025 are contained in the attached accounts which have been prepared in accordance with the South of Scotland Enterprise Act 2019 and are in the form directed by Scottish Ministers. SOSE is mainly financed by Scottish Ministers through the Scottish Government Directorate for Economic Development. In addition to this SOSE also generates a small income from rental property, interest received and funded positions.

Grant in Aid allocation

	Resource Departmental Expenditure Limits	Capital Departmental Expenditure Limits	Financial Transactions	Total
	£000	£000	£000	£000
2024/25				
Original Budget	14,310	13,000	-	27,310
SBR Final Allocation	15,841	13,004	-	28,845
Movement	1,531	4	-	1,535
2023/24				
Original Budget	15,103	15,200	3,650	33,953
SBR Final Allocation	15,128	15,200	1,768	32,096
Movement	25	-	(1,882)	(1,857)

Of the £28.845m (2023/24: £32.096m) Grant in Aid the Scottish Government (SG) made available to SOSE, £28.057m (2023/24: £30.918m) was drawn down. The value drawn down was lower than that available, as SOSE deducted unspent funds from the prior year of £0.361m and income received from FTs of £0.480m* as these were due back to SG.

The Scottish Government has awarded SOSE Budget for 2025/26 of £29.137m which includes both Grant in Aid and a non-cash budget provision.

The above table does not include non-cash items, separate budgets have been provided for these as detailed in the table on the Summary of Outturn on the following page.

* The FT figure for deduction from the GIA drawdown was estimated before year-end and includes a small prior year adjustment, the actual FT loan value repaid in year was £474k (Note 2, page 90).

Summary of Outturn 2024/25

	Expenditure	Income	Outturn	GIA & grant allocation	(Over)/Under spend
	£000	£000	£000	£000	£000
Resource budget	15,949	(1,639)	14,310	14,341	31
Resource Pathways ring-fenced budget	1,429	-	1,429	1,500	71
Capital budget	13,560	(341)	13,219	13,004	(215)
Total Department Expenditure Limit	30,938	(1,980)	28,958	28,845	(113)
Financial Transactions	-	(474)	(474)	-	474
Cash funded outturn	30,938	(2,454)	28,484	28,845	361
Non-cash costs including depreciation	281	-	281	385	104
Annually Managed Expenditure	130	-	130	526	396
Total	31,349	(2,454)	28,895	29,756	861

Summary of Outturn 2023/24

	Expenditure	Income	Outturn	GIA & grant allocation	(Over)/Under spend
	£000	£000	£000	£000	£000
Resource budget	16,395	(1,194)	15,201	15,128	(73)
Capital budget	15,931	(1,092)	14,839	15,200	361
Total Department Expenditure Limit	32,326	(2,286)	30,040	30,328	288
Financial Transactions	1,700	(310)	1,390	1,768	378
Cash funded outturn	34,026	(2,596)	31,430	32,096	666
Non-cash costs including depreciation	281	-	281	350	69
Annually managed expenditure	-	(133)	(133)	(1,099)	(966)
Total	34,307	(2,729)	31,578	31,347	(231)

Budget Outturn 2024/25

Resource

- SOSE's resource budget allocation saw an increase in funding from Scottish Government at SBR, with a net movement £1.531m (2023/24: £0.025m), of which £1.500m was new ring-fenced funding for the Pathways Pilot. During the year SOSE ensured Scottish Government (SG) was informed of our budget position on a timely basis.
- The resource budget had a small movement of £0.031m at SBR, SG transferred funds for the Small Producers Pilot Fund and was offset by IFRS 16 adjustments. At final outturn a small underspend of £0.031m was recognised (2023/24: £0.073m overspend), due to a small number of items which have been delayed into the new financial year.
- The Pathways Ring-fenced budget was received through a transfer from SG and had a small underspend of £0.071m (2023/24: £-), largely from savings in partnership work.

Capital

- SOSE's final SBR capital budget saw a small increase in budget allocation £0.004m. SOSE had a small overspend in year £0.215m (2023/24: £0.361m underspend). SOSE delivered a comprehensive programme of grants and projects this year, creating a significant and positive impact on businesses and organisations across the South of Scotland. The overspend relates to successful project delivery in year where spend was being monitored at risk, SG was informed on a timely basis of our budget position and approved the overspend before the end of the financial year. Our ability to deliver is reflected by an increase in funding in 2025/26, enabling SOSE to do more in the year ahead.

Financial Transactions

- Financial Transactions (FT) income relates to loan repayments where loans were issued in prior years from FT funding, £0.474m underspend (2023/24: £0.378m underspend).

Non-Cash and Annually Managed Expenditure

- Non-cash is a ring-fenced budget including depreciation, utilisation for the year totalled £0.281m (2023/24: £0.281m), £0.104m lower than the provision provided by the Scottish Government (2023/24: £0.069m). This related to a delay to the roll-out of an internal Customer Relationship Management system.
- Annually Managed Expenditure reflects the movements for year-end pension adjustments, property impairments and deferred tax movements in year totalling £0.130m, (2023/24: (£0.133m)).

Other disclosures

- **Losses and Special Payments** – due to the nature of SOSE's investments, there are occasions when it is required to write off balances which are no longer recoverable. The Scottish Public Finance Manual (SPFM) requires total losses and special payments exceeding £0.3m to be disclosed, there are none to report.
- **Fees and charges** – The fees and charges guidance in the SPFM require charges at market rates whenever applicable. SOSE has nothing to report for the year to 31 March 2025 (nil 2023/24) relating to fees and charges.
- **Gifts** – The SPFM requires gifts to be reported and individual gifts of more than £0.250m to be noted separately. SOSE has nothing to report for the year to 31 March 2025 (nil 2023/24).
- SOSE has no **contingent liabilities** to report.

Reconciliation of Outturn to Total Comprehensive Net Expenditure

Reconciliation To Total Comprehensive Net Expenditure	2024/25	2023/24
	£000	£000
Total Comprehensive Net Expenditure	27,564	27,443
Pension (IAS 19)	(241)	526
Revaluation – property and land	127	(401)
Revaluation reserve	25	
Depreciation	(289)	(281)
Non-current asset additions	393	821
Non-current asset disposal	-	(2)
Right-of-use asset disposal	(10)	-
Held for sale asset disposal	(110)	(73)
Construction in progress	744	1,016
Right of use assets – IFRS16	-	21
Intangible additions	359	1,030
Expected credit loss for trade debt (AME)	5	(6)
Movement in provision	-	40
Tax provision and charges (AME)	(46)	(94)
Net expenditure funded by SG		
Departmental Expenditure Limit (DEL)	28,521	30,040
Loan funding issued in year	710	1,700
Loan repayments in year	(747)	(310)
Financial Transactions (FT) funded by SG	(37)	1,390
Total DEL and FT funded by SG	28,484	31,430

The Outturn figure for Resource and Capital Departmental Expenditure Limit and Financial Transactions reconciles to the Segmental Reporting in Note 2, page 90.

Jane Morrison-Ross

J Morrison-Ross

Chief Executive and Accountable Officer
South of Scotland Enterprise
20 August 2025

Independent Auditor's Report

Independent auditor's report to the members of South of Scotland Enterprise, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of South of Scotland Enterprise for the year ended 31 March 2025 under the South of Scotland Enterprise Act 2019. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2025 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the South of Scotland Enterprise Act 2019 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. Including a previous appointment, the period of total uninterrupted appointment will be six years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the South of Scotland Enterprise Act 2019 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the South of Scotland Enterprise Act 2019 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the South of Scotland Enterprise Act 2019 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the South of Scotland Enterprise Act 2019 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pauline Gillen

Pauline Gillen
Audit Director
Audit Scotland
8 Nelson Mandela Place
Glasgow
G2 1BT
20 August 2025



Financial Statements

South of Scotland Enterprise

Statement of Comprehensive Net Expenditure for the year ended 31 March 2025

		2025	2024
	Notes	£000	£000
Expenditure from activities			
Operating expenditure	4	16,588	17,733
Net management expenditure on staff costs	6	10,924	9,662
Other management expenditure	6	2,118	2,174
Depreciation and impairment	6	316	594
		29,946	30,163
Income			
Income from activities	3	(459)	(530)
Other income	3	(946)	(1,553)
		(1,405)	(2,083)
Net operating expenditure		28,541	28,080
Other finance charges	5	5	13
Interest receivable	5	(366)	(244)
Net expenditure after interest		28,180	27,849
Taxation	7	46	177
Net expenditure		28,226	28,026
Other comprehensive (income) / expenditure			
Items that will not be reclassified to net expenditure			
Deferred tax arising on revaluation of buildings	7	-	(83)
Actuarial (gain) / losses recognised in retirement benefit scheme	18	(482)	(510)
Revaluation (gain) / loss on land and property	8	(180)	10
Other comprehensive expenditure for the year		(662)	(583)
Total comprehensive net expenditure for the year		27,564	27,443

The notes on page 81 to 112 form part of these accounts.

South of Scotland Enterprise

Statement of Financial Position as at 31 March 2025

		2025	2024
	Notes	£000	£000
Non-current assets			
Property, plant, and equipment	8	6,017	5,183
Right-of-use assets	19	127	199
Intangible assets in development	10	2,426	2,067
Financial assets	9	1,763	2,149
Retirement benefit asset	18	-	241
		10,333	9,839
Current assets			
Trade and other receivables	12	751	568
Cash and cash equivalents	13	1,970	4,624
Assets classified as held for sale	14	228	110
Current financial assets	9	922	694
Taxation receivable	12	88	114
Deferred tax	7	-	46
Total current assets		3,959	6,156
Total assets		14,292	15,995
Current liabilities			
Trade payables and other current liabilities	16	(3,313)	(5,326)
Lease liabilities	19	(52)	(63)
Provisions	15	-	-
Total current liabilities		(3,365)	(5,389)
Non-current assets plus current assets less current liabilities		10,927	10,606
Non-current liabilities			
Trade payables and other liabilities	17	(2,052)	(2,643)
Lease liabilities	19	(67)	(127)
Total non-current liabilities		(2,119)	(2,770)
Assets less liabilities		8,808	7,836

South of Scotland Enterprise

Statement of Financial Position as at 31 March 2025

		2025	2024
	Notes	£000	£000
Taxpayers' equity			
General reserve		3,627	3,291
Revaluation reserve	8	540	386
Pension reserve	18	4,641	4,159
Total equity		8,808	7,836

The notes on page 81 to 112 form part of these accounts.

The Accountable Officer authorised these financial statements for issue on

Jane Morrison-Ross

J Morrison-Ross

Chief Executive and Accountable Officer
South of Scotland Enterprise

20 August 2025

South of Scotland Enterprise

Statement of Cash Flows for the year ended 31 March 2025

		2025	2024
	Notes	£000	£000
Cash flow from operating activities			
Net expenditure before taxation		(28,180)	(27,849)
Adjustments for:			
Depreciation	8,19	289	281
Property impairment	8	27	313
Provision for expected credit losses	9	133	147
Movement in pension	18	723	(16)
Gain on sale of land	8,14	(65)	(38)
Interest receivable	5	(366)	(244)
Bad debt write-off		3	-
(Increase) / decrease in trade and other receivables	12	(156)	402
Provision for irrecoverable debts and losses	12	(5)	6
Increase / (decrease) in trade and other payables	16,17	(1,529)	984
Movement in provision	15	-	(40)
Net cash outflow from operating activities		(29,126)	(26,054)
Cash flows from investing activities			
Proceeds from sale of land	14	175	191
Purchase of intangible asset	10	(651)	(654)
Payments to acquire property, plant and equipment	8	(1,440)	(1,417)
Interest received in year	9	353	236
Loans advanced in year	9	(710)	(1,700)
Loans repaid in year (capital)	9	747	310
Net cash outflow from investing activities		(1,526)	(3,034)
Cash flows from financing activities			
Grant and Grant in Aid from Scottish Government		28,057	30,918
Repayment of lease liabilities	19	(59)	(70)
Net cash inflow from financing activities		27,998	30,848
Net (decrease) / increase in cash and cash equivalents	13	(2,654)	1,760
Cash and cash equivalents at beginning of the year	13	4,624	2,864
Cash and cash equivalents at end of the year	13	1,970	4,624

The notes on page 81 to 112 form part of these accounts.

South of Scotland Enterprise

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2025

	£000	£000	£000	£000
	General Reserve	Revaluation Reserve	Pension Reserve	Total Reserves
Opening balance at 1 April 2023	1,186	474	3,649	5,309
Net expenditure during the year	(28,026)	-	-	(28,026)
(Loss) / gain on revaluation of property, plant, and equipment	-	(10)	-	(10)
Actuarial gain / (loss)	-	-	510	510
Deferred tax current year credit	83	-	-	83
Transfer between reserves	78	(78)	-	-
Total recognised income and expense	(27,865)	(88)	510	(27,443)
Grant in Aid from Scottish Government*	29,970	-	-	29,970
Closing balance at 31 March 2024	3,291	386	4,159	7,836
Opening balance at 1 April 2024	3,291	386	4,159	7,836
Net expenditure during the year	(28,226)	-	-	(28,226)
(Loss) / gain on revaluation of property, plant, and equipment	-	179	-	179
Actuarial gain / (loss)	-	-	482	482
Deferred tax current year credit	-	-	-	-
Transfer between reserves	25	(25)	-	-
Total recognised income and expense	(28,201)	154	482	(27,565)
Grant in Aid from Scottish government*	28,537	-	-	28,537
Closing balance at 31 March 2025	3,627	540	4,641	8,808

*2023/24 Grant in Aid (GIA) funding from SG in the general reserve does not include cash received for Financial Transactions, this funding is recorded under current and non-current liabilities (Note 16&17).

Grant in aid summary	2025	2024
	£000	£000
Recognised in taxpayers' equity	28,537	29,970
FT written off (non-cash) – prior year loan written off	-	(200)
FT funding – (deducted) / received	(480)	1,148
GIA from SG recognised in cashflow	28,057	30,918

Notes to the accounts

1. Accounting policies

Basis of preparation

The SOSE accounts are prepared in accordance with Section 15(B) of the South of Scotland Enterprise Act 2019 and the Accounts Direction from the Scottish Ministers.

The financial statements have been prepared in accordance with the 2024/25 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM follow generally accepted accounting practice for companies (GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be most appropriate to the particular circumstances of SOSE for the purpose of giving a true and fair view has been selected.

The preparation of accounts in conformity with the FReM requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below in "Critical accounting estimates and key judgements", page 87.

The SOSE accounts are prepared under the historical cost convention except that the following assets and liabilities are stated at fair value:

- Retirement benefit assets (Note 18)
- Land and property (Note 8)
- Expected credit losses (Note 9).

Assets classified as held for sale are held at the lower of carrying amount or fair value less costs to sell. (Note 14)

In preparing the annual report and accounts management have reviewed and considered new accounting standards issued but not yet effective and concluded these are currently not applicable.

Going Concern

The Board and Accountable Officer have considered the resource budget for 2025/26, comprising Grant in Aid and 'non-cash' budget provision, supplemented by SOSE's business income from rental properties and deem this an adequate resource to continue operational existence to undertake the aims as set out for SOSE by Scottish Government in our Letter of Guidance and in our Operating Plan. Considering available budget together with SOSE's closing Statement of Financial Position as at 31 March 2025 which records net assets of £8.808m (2023/24 £7.836m), the annual financial statements have been prepared on a "going concern" basis.

Funding

SOSE receives Grant in Aid from the Scottish Ministers on an annual basis coincident with the entities financial year to fund its net operating costs. Grant in Aid is credited to the General Reserve and the net cost of activities funded by Grant in Aid is charged to this reserve.

From 1 April 2024 SOSE no longer received Financial Transactions funding from the Scottish Government for the specific purpose of financing equity investments and the provision of loans. Financial Transactions funding received in prior years is repayable over variable periods and is recognised as a current or long-term liability in accordance with the repayment terms determined at the time each tranche of the funding is drawn down from the Scottish Government.

Property, plant, and equipment

During the year SOSE held property, land, IT assets, equipment and fixtures and fittings.

- Land and Property

Property for commercial lease and SOSE's own use and land held for or under development, are held at fair value and valued annually in accordance with The Royal Institution of Chartered Surveyors Valuation Standards 2020 (Red Book) and in accordance with FReM and IFRS.

During 2023/24 Property Board chose to update the accounting policy and moved from triennial to annual valuations.

In line with IAS 16, SOSE capitalises any costs directly attributable to bringing the property to the condition necessary for it to be used in the manner intended.

Increases in the carrying amount arising on revaluation are credited to the Revaluation Reserve. Decreases that offset previous increases on the same asset are charged against the Revaluation Reserve relating to the asset; all other decreases are charged to the Statement of Comprehensive Net Expenditure.

Increases that offset previous decreases charged to the Statement of Comprehensive Net Expenditure on the same asset are credited to the Statement of Comprehensive Net Expenditure to the extent of previous decreases and subsequently to the Revaluation Reserve.

When land and property assets are sold, any amounts included in Revaluation Reserve in respect of previously recognised surpluses are transferred to the General Reserve.

Buildings incur a monthly depreciation charge applied from the month of acquisition and no charge is made in the month in which it is disposed. Land is not depreciated.

Depreciation is charged to the Statement of Comprehensive Net Expenditure on the revalued amount of each property less the estimated residual value on a straight-line basis over their expected useful lives of up to a maximum of 50 years. Where an item of property has significant components, the components are depreciated separately, in accordance with their useful lives. The useful lives of property assets are determined in consultation with Chartered Surveyors. The properties' residual values and useful lives are reviewed, and adjusted if appropriate, on an annual basis at the date of the Statement of Financial Position.

The difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Comprehensive Net Expenditure and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the General Reserve.

Assets under construction and land under development are shown at cost. Once complete these assets are reclassified into land and buildings and are revalued at fair value. Increases or decreases in value at the time of the first professional revaluation are accounted for on the same basis as other revaluation movements noted above. Depreciation is only applied once the asset has been transferred out of assets under construction.

- **Non property assets**

As permitted by the FReM, non-property assets are carried at depreciated historic cost. SOSE consider that all the assets in these categories have short useful lives, and the depreciation rates provide a realistic reflection of consumption and reduction in carrying value.

Non-property assets are capitalised when an individual item value is in excess of £500 where the item is expected to have a useful life greater than one year.

Non property assets are depreciated on a straight-line basis to allocate their cost to their residual values over their estimated useful lives as follows:

- Plant and Equipment over 4 years
- Information Technology over 3 years
- Furniture and Fittings over 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the date of each Statement of Financial Position.

A depreciation charge is applied in the month of acquisition of an asset and no charge is made in the month in which it is disposed.

- **Subsequent expenditure**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

- **Impairment**

Assets that have an indefinite useful life, for example land, are not subject to depreciation or amortisation and are subject to an external valuation on an annual basis.

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment losses in respect of land, property, plant, and equipment are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each subsequent reporting date.

Intangible Assets in Development

In line with the development criteria specified in IAS 38 an intangible asset in development, software, is recognised on the balance sheet at cost using the cost model. Amortisation will only commence once the asset is available for use, amortising over the useful life. Associated research costs are expensed as incurred.

Non-current assets held for sale

Non-current assets are reviewed regularly to ensure that they continue to contribute positively to policy and business objectives. Assets that no longer provide the required level of contribution are considered for disposal by senior management.

In accordance with the criteria specified in IFRS 5 non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction, the asset is being actively marketed for sale and a sale within a period of 12 months is considered highly probable. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs of disposal.

Non-current assets held for sale are not depreciated.

Financial assets – loans

Loans are financial assets held to collect contractual cash flows (capital and interest), these are carried at amortised cost using the effective interest method less provision for impairment. Financial assets are recognised in current assets except for maturities greater than 12 months after the date of the Statement of Financial Position which are classed as non-current assets. Interest income from these financial assets is recognised in other finance income in the Statement of Comprehensive Net Expenditure.

Financial assets – trade and other receivables

Trade and other receivables, where payment is due within one year, are initially recognised on the balance sheet at transaction price. Due to the short-term nature of trade and other receivables the carrying amount is considered to be the same as their fair value. This value is adjusted for any measurement for potential credit loss.

Financial asset – expected credit loss

On a forward-looking basis SOSE assesses the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been significant increase in credit risk. For credit exposures where there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For expected credit losses associated with trade receivables, SOSE applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivables.

SOSE will write off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no longer prospect of recovery. Should subsequent recovery be achieved this would be recognised in the Statement of Comprehensive Net Expenditure.

Cash and cash equivalents

Cash and cash equivalents solely comprise cash at bank that is available on demand.

Trade and other payables

Trade and other payables within one year are obligations to pay for goods or services that have been acquired during the year. The liability is recognised on the balance sheet at transaction price. The carrying amounts of trade and other payables are considered to be the same as their fair value.

Payables are generally paid within 10 days of receipt of an approved invoice in line with the Scottish Government target.

Provisions

Provisions are liabilities of an uncertain nature and will be recognised where an event is probable, only recognising a liability once there is certainty over the event. Creation of a provision is recognised in Resource AME, transferring to DEL when utilised.

Income

Income from assets sold is recognised when the significant risks and rewards of ownership have been transferred to a third party. Revenue from services provided is recognised in the period for which the services were provided to the extent that the income has become receivable.

Revenue grants and partners' contributions to projects are recognised in the period to which they relate.

Income is stated net of VAT where applicable.

Irrecoverable income

Irrecoverable income is written off at the earliest opportunity. Provision is made for income which is considered unlikely to be recovered. See section on expected credit loss above.

Other grants funding

Other grant funding is credited to the Statement of Comprehensive Net Expenditure on the basis of amounts receivable in respect of expenditure incurred in the accounting period on approved projects.

Grants

Grants payable or paid are recorded as expenditure in the period that the underlying event or activity giving rise to the grant occurs. Where necessary, obligations in respect of grant awards are recognised as liabilities.

Taxation

SOSE's principal income comes from Grant in Aid received from the Scottish Ministers and is not taxable. Profit or losses arising from business activities are taxable (principally issuing of loans and tenanted properties).

Tax on the net expenditure for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Net Expenditure. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the rates enacted. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions for corporation tax on gains, profits, and losses, as computed for tax purposes, arising from business activities on the basis of amounts expected to be paid to the tax authorities. A deferred tax asset is not recognised to the extent that it is not probable that taxable profit will be available against which the tax deductions can be offset.

VAT

Income is accounted for net of output VAT.

Expenditure is accounted for net of recoverable input VAT. SOSE can recover 100% input VAT when the expenditure is exclusively related to business activity. No input VAT is recoverable on non-business activity expenditure. SOSE has a partial exemption special method approved by HMRC, applicable from 1 April 2022.

Contingent Asset

A contingent asset is a potential asset whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly under the control of SOSE. A contingent asset is not recognised on the balance sheet until it is virtually certain it will be received. Until this point, it is reported in the financial statement notes.

Employee benefits

- Retirement benefits

Employees of the company are members of a defined benefit pension scheme providing benefits on a career average revalued earnings basis, this is provided by Scottish Borders Council.

The Scheme is accounted for on a defined benefit basis under IAS 19 Employee Benefits. Assets and liabilities of the schemes are held separately from those of the entity. The schemes assets are measured using market values and the schemes liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond. Contributions to these schemes are calculated to spread the cost of pensions over employees' working lives with the entity. The contributions are determined by an actuary on the basis of triennial valuations. The actuaries also review the progress of the schemes in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The expected cost of providing staff pensions to employees contributing to the schemes is recognised in the income statement on a systematic basis over the expected average remaining lives of members of the funds in accordance with IAS 19 Employee Benefits and recognises retirement benefits as the benefits are earned and not when they are due to be paid. The income statement also includes the net impact of returns on the schemes' assets and interest on the schemes' liabilities, which is disclosed as other finance income. A pension scheme asset is recognised on the balance sheet only to the extent the surplus may be recovered by reduced further contributions or to the extent that the trustees have agreed a refund from the scheme at the Statement of Financial Position date. A pension scheme liability is recognised to the extent that the entity has a legal or constructive obligation to settle the liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the Statement of Comprehensive Net Expenditure in the year in which they arise.

Past-service costs are recognised immediately in income and expenditure, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

- Short term employee benefits

A liability and an expense are recognised for holiday days, holiday pay, and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for

holidays earned but not taken. Accruals are recognised for material amounts in respect of holiday days, holiday pay and other short-term benefits earned but not taken or paid at the date of the Statement of Financial Position.

- **Salary sacrifice**

SOSE operate a salary sacrifice electric vehicle scheme. IFRS16 is not applicable as the risk and reward from the leased asset belongs to the employee entering the agreement. Therefore, SOSE does not have a right of use asset to recognise. The costs are reported through staff cost under salaries and included in the Remuneration Report, page 62. SOSE is responsible for making the sacrificed pay deduction and facilitating payment to the leasing company. An element of SOSE's cost saving incurred as a result of the salary sacrifice is passed back to the employee through a reduction in the cost of the lease, included in the Staff Report, page 64.

Leases – IFRS 16

Under FReM IFRS 16 an entity reports a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value.

New contracts are reviewed to determine when it contains a lease. Where identified SOSE will recognise a right-of-use asset and a corresponding lease liability for lease arrangements where SOSE is the lessee. The lease liability is initially measured at the fair value of the lease payments that are not paid at the commencement date. Subsequent to initial measurement, the liability will be reduced for payments made and will be remeasured to reflect any lease reassessment or modification.

Right-of-use assets are initially recognised on the balance sheet under the cost model, the amount of the total lease liability. The cost may be subsequently adjusted to reflect any remeasurement of the lease liability due to lease modifications. This initial cost is depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

Right-of-use assets have not been measured at the discount rate as outlined in the Public Expenditure System notification for the relating period due to being immaterial.

VAT on leases is expensed as incurred, along with relating service charge costs.

Lease details including payments variations, extension and termination options are included in Note 19, page 105.

The Memorandum of Terms of Occupation Agreement with Scottish Enterprise ended on 16 August 2024.

Critical accounting estimates and key judgements

The preparation of the accounts in conformity with IFRS requires SOSE to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Judgements deal with the application of accounting policies. SOSE also uses judgements and assumptions whilst developing estimates. Estimates are the monetary amounts calculated when financially measuring uncertainty.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the accounts are as follows:

Expected credit loss on financial assets (loans issued by SOSE)

Accounting judgement has been used to form a basis to calculate the expected credit loss of Financial Assets and assessing the risk associated with each client's loan. Management considers known financial information about the companies and recognise a risk stage deemed appropriate for each client to ensure a prudent credit loss provision.

Management estimate probability default percentages utilising limited historic trend information as this is only SOSE's third year issuing loans. Estimates are adjusted where security is in place against the loan.

Sensitivity analysis of the current loan book:

Total Loan Value	Highest Value Loan	Lowest Value Loan
£3.312m	£0.742m	£0.016m

Change	Amount of change	Monetary effect on ECL provision
Change in provision %	5%	+/- £0.121m
Change in provision %	10%	+/- £0.242m
Value in security	With no security	+ £0.150m

Valuation of non-current assets

Each year SOSE commissions a valuation of its land and buildings. The valuation report has been used to inform the measurement of assets in these financial statements. The valuer has continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available on the 31 March 2025 and can be relied upon.

Sensitivity analysis of land and building value:

Land And Buildings Value*	Impact of 5% change	Impact of 10% change
£1.742m	+ / - £0.087m	+ / - £0.174m

*Not including under development or under construction, these are valued at cost until available for use.

Retirement benefit scheme

The present value of the retirement benefit scheme depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the retirement benefit scheme.

Through the advice received from Hymans Robertson who act as the pension actuaries, SOSE determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit scheme. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that

are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit scheme.

The entity also determines the appropriate rate for salary inflation based on consideration of inflation and long-term assumptions in respect of salary increases.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	2024/25		2023/24	
Change in assumptions at 31 March *	Approximate % increase to employer liability	Approximate monetary amount £000	Approximate % increase to employer liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	283	3%	313
0.1% increase in the salary increase rate	0%	12	0%	15
0.1% increase in the pension increase rate/revaluation rate (CPI)	2%	278	3%	304
1 year increase in member life expectancy	4%	457	4%	465

*The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit scheme to significant actuarial assumptions the same method has been applied as when calculating the scheme obligations recognised in the statement of financial position.

Effects of accounting estimates and judgements

The financial statements contain estimated figures that are based on assumptions made by SOSE where there is an element of uncertainty. When forming estimates consideration is taken for historical information, trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The Statement of Financial Position of SOSE at 31 March 2025 includes the following items for which there is significant risk of material adjustment in the forthcoming financial year:

Item	Uncertainty	Effect if results differ from assumptions
LGPS Pension Asset	<p>Estimation of the net asset / liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>When the pension scheme is in a surplus position, judgement is required in assessing the asset ceiling test under IFRIC14, management exercise judgement in assessing availability of the economic benefit taking into accounts the scheme and funding rules.</p> <p>SOSE, through its pension provider Scottish Borders Council has engaged the services of Hymans Robertson actuaries to provide expert advice about the assumptions applied and the impact of the asset ceiling restriction.</p>	The impact of changes in assumptions used to calculate the pension asset and the asset ceiling treatment has been assessed by the actuaries as described in Note 18, page 101.

2. Segmented Information

Under IFRS 8 operating segments are identified in line with internal reporting, segments will be regularly reviewed by the chief operating decision maker to monitor and allocate resources. SOSE's principal activity is economic and community development, all income and expenditure incurred is attributed directly to this activity. The Chief Executive and senior leadership team monitor expenditure by project and programme expenditure and directorate expenditure. Other expenditure is monitored separately, and income is reviewed by income source.

Segmental Information

For the year ending 31 March 2025

	2025	2024
	£000	£000
Expenditure:		
Grants, projects and strategic activity - revenue	3,800	3,440
Grants, projects and strategic activity - capital ^{*1}	12,280	14,258
Client loans - paid in year ^{*2}	710	1,700
Total project and programme expenditure	16,790	19,398
Financial transactions loans - repaid in year	(474)	(310)
Capital (CDEL) loans - repaid in year	(273)	-
Directorate expenditure		
Place and Enterprise	14	7
Finance and Corporate Resources	741	691
Strategy & Partnerships	144	80
Net Zero	98	122
Total directorate expenditure	997	900

^{*1} Capital grants, projects and strategic activity includes.

- 2024/25 £0.744m - (2023/24 - £1.016m) project spend on the Mountain Bike Innovation Centre
- 2024/25 £nil - (2023/24 - £0.012m) capital additions for Coast-to-Coast project

Recognised in project spend in the Segmental Information but not operating expenditure on the Statement of Comprehensive Net Expenditure, these costs are recognised within non-current assets on the Statement of Financial Position.

^{*2} Client loans paid in year - 2024/25 issued from capital funding, 2023/24 issued from financial transactions funding

Segmental Information continued

For the year ending 31 March 2025

	2025	2024
	£000	£000
Other expenditure		
Provision for expected credit loss	133	147
Payroll expenditure	10,055	9,542
Board meeting and Board Member costs	164	169
Estate expenditure & facilities	997	888
Travel	89	95
Collaborative partnerships	1,146	1,218
Tangible asset additions	393	809
Intangible asset additions	359	1,030
Lease capital additions (IFRS 16)	-	21
Total other expenditure	13,336	13,919
Total gross expenditure	30,376	33,907
Income		
Grants and other income	(946)	(1,524)
Estates income	(394)	(518)
Bank interest	(80)	(84)
Loan interest income	(286)	(160)
Disposal of lease obligation	(11)	-
Proceeds for sale of land	(175)	(191)
Total other income	(1,892)	(2,477)
Net expenditure funded by core SG income	28,484	31,430

3. Income from operating activities

Income, which is shown net of Value Added Tax (VAT):

	2025	2024
	£000	£000
Income from activities		
Property income	394	492
Gain on sale of land	65	38
	459	530
Other income		
Grants income	525	97
Other funding contributions*	421	1,456
	946	1,553
Total income from operating activities	1,405	2,083

*Other funding contributions includes funding towards partner and Business Gateway contributions towards shared costs. 2024 included income for Civtech projects.

4. Expenditure on operating activities

Expenditure is shown net of Value Added Tax (VAT) except where the VAT is irrecoverable:

	2025	2024
	£000	£000
Expenditure from activities		
Project expenditure	15,336	16,670
Business properties expenditure*	752	505
Operating activities		
Directorate expenditure	500	558
Total expenditure on operating activities	16,588	17,733

*Ettrick Riverside, Selkirk and Carmont in Dumfries are occupied by both SOSE and other tenants. Costs have been apportioned to other management expenditure for accommodation occupied by SOSE based on the floor space occupied by SOSE.

5. Other finance (income) / charges

	2025	2024
	£000	£000
Interest receivable		
Loan interest receivable	(286)	(160)
Bank interest receivable	(80)	(84)
Total interest receivable	(366)	(244)
Other finance (income) / charges		
Interest income on retirement benefit assets	(676)	(325)
Interest on retirement benefit scheme obligations	681	338
Total other finance charges	5	13

6. Administration and management charges

	2025	2024
	£000	£000
Continuing operations		
Staff and board member salaries* ¹	10,148	9,617
IAS 19 holiday accrual	58	74
IAS 19 adjustment in relation to pension service costs	718	(29)
Net management expenditure on staff costs	10,924	9,662
Travel and subsistence – board members	8	12
Travel and subsistence – staff	13	15
Audit fees* ²	188	168
Movement in provision for irrecoverable trade debts	(5)	6
Movement in expected credit loss provision	133	147
Other admin costs	1,781	1,826
Other management expenditure	2,118	2,174
Depreciation of fixed assets	228	212
Depreciation of right of use assets	61	69
Impairment of land and property (non-current and held for sale)	27	313
Depreciation and impairment	316	594
Total administration and management charges	13,358	12,430

*Details of staff and board members salaries' can be found in the Remuneration and Staff Report, page 60

*² Includes fees for external audit services provided by Audit Scotland, £119,670 (2023/24 £117,058)

7. Taxation

	2025	2024
	£000	£000
Taxation per statement of comprehensive net expenditure		
Current tax on profits for the year	-	-
Deferred tax		
Origination and reversal of timing differences	46	177
Prior period adjustment	-	-
Effect of changes in tax rates	-	-
Total deferred tax	46	177
Tax per statement of comprehensive net expenditure	46	177
Other comprehensive (income) / expenditure		
Deferred tax current year charge	-	(83)
Tax per other comprehensive (income) / expenditure	-	(83)
	2025	2024
	£000	£000
Current tax on profits for the year		
Taxable profit for the period	(604)	(770)
Tax on profit at standard UK tax rate of 25%	(151)	(193)
Effects of:		
Expenses not deductible	103	129
Gains / rollover release	16	29
Income not taxable	(23)	-
Deferred tax not recognised	101	212
Tax charge for the period	46	177

Corporation tax is chargeable at 25% on SOSE's profit on business activities.

7. Taxation (continued)

	2025	2024
	£000	£000
Statement of financial position		
Deferred tax asset at 1 April	46	140
Deferred tax charge to income statement for year	(46)	(177)
Deferred tax charge in OCI for year	-	83
Deferred tax asset at 31 March	-	46

	2025	2024
	£000	£000
Deferred tax not recognised		
Deferred tax not recognised in year	101	212
Deferred tax not recognised at 31 March	101	212

8. Property, plant and equipment

SOSE revalue land and buildings on an annual basis, the most recent external valuation was undertaken for year ending 31 March 2025 conducted by Montague Evans LLP, Chartered Surveyors.

Revaluation

The revaluation resulted in the following movements:

- an increase of £130k to land
- an increase of £25k to the building in Gretna
- an increase of £40k to the building in Annan
- a decrease of £75k to the building in Selkirk.

A total impairment of £27k was recognised after adjusting against the relating revaluation reserves and prior impairments recognised.

Reclassification

- Five plots of land have been transferred to 'held for sale' assets as their sale is anticipated to complete within the next year (£228k)
- £300k in relation to land has transferred to land under development.

8. Property, plant, and equipment (continued)

	Land	Land under development	Buildings	Assets under construction	IT Equip	Fixtures & fittings	Plant & Equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost and valuation								
At 1 April 2023	728	-	1,070	1,411	349	204	11	3,773
Additions	492	146	-	1,013	85	97	3	1,836
Disposal	(32)	-	-	-	-	-	-	(32)
Revaluation	(187)	-	(195)	-	-	-	-	(382)
Reclassification*	272	-	-	-	-	-	-	272
At 31 March 2024	1,273	146	875	2,424	434	301	14	5,467
Depreciation								
At 1 April 2023	-	-	(38)	-	(78)	(32)	(1)	(149)
Charged in year	-	-	(38)	-	(116)	(54)	(3)	(211)
Disposal	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	76	-	-	-	-	76
At 31 March 2024	-	-	-	-	(194)	(86)	(4)	(284)
Net book value								
At 31 March 2024	1,273	146	875	2,424	240	215	10	5,183
Cost and valuation								
At 1 April 2024	1,275	146	875	2,424	434	301	14	5,469
Additions	-	389	-	744	1	-	4	1,138
Disposal	-	-	-	-	-	(1)	-	(1)
Revaluation	130	-	(10)	-	-	-	-	120
Reclassification*	(528)	300	-	-	-	-	-	(228)
At 31 March 2025	877	835	865	3,168	435	300	18	6,498
Depreciation								
At 1 April 2024	-	-	-	-	(195)	(86)	(4)	(285)
Charged in year	-	-	(32)	-	(122)	(70)	(4)	(228)
Disposal	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	32	-	-	-	-	32
At 31 March 2025	-	-	-	-	(317)	(156)	(8)	(481)
Net book value								
At 31 March 2025	877	835	865	3,168	118	144	10	6,017

*Reclassification for land held for sale – in line with criteria in IFRS 5 where the land is actively marketed, and a sale is anticipated to complete within one year – land held for sale (Note 14, page 99)

The above table includes some arithmetical and brought forward rounding differences

9. Financial Assets

During the year SOSE issued capital funding to businesses in the form of loans. Loans issued in prior years were paid from Financial Transaction funding however this stream of funding ceased at the end of 2023/24.

Loans are shown at amortised cost after allowing for any expected credit loss. Impairment is measured as the difference between the carrying amount and the present value of estimated future cash flows. SOSE considers this method provides a valuation which is equivalent to the fair value.

	2025	2024
	£000	£000
Cost		
Opening balance 1 April	3,337	1,938
Additions	710	1,700
Repayments	(1,020)	(461)
Disposals	-	-
Amortisation adjustment	285	160
Reclassification	-	-
Written off*	-	-
Closing balance 31 March	3,312	3,337
Expected credit loss		
Opening balance 1 April	494	347
Increase in provision	133	147
Utilised in year	-	-
Closing balance 31 March	627	494
Net book value		
Net book value at 31 March	2,685	2,843
Analysis of loans and receivables		
Due within 1 year	922	694
Due over 1 year	1,763	2,149
Net book value at 31 March	2,685	2,843

10. Intangible Assets in Development

SOSE continued work on bespoke software development, MYSOSE, a Customer Relationship Management (CRM) system which has gone live in April 2025. The development costs have been accounted for as an Intangible in Development.

	2025	2024
	£000	£000
Cost at 1 April	2,067	1,036
Additions	359	1,031
Closing balance 31 March	2,426	2,067

11. Contingent Assets

SOSE recognise a number of off-balance sheet contingent assets that have the potential to give rise to an asset in the future but due to the nature of their uncertainty are not recognised at this point. These assets relate to repayable and convertible grants of amounts which individually are not material to the financial statements.

12. Trade and Other Receivables

	2025	2024
	£000	£000
Trade receivables	149	92
Allowance for credit loss	(4)	(9)
Prepayments	340	422
Other receivables	266	63
Taxation (VAT)	88	114
Total trade and other receivables	839	682

	2025	2024
	£000	£000
Analysis of trade and other receivables within boundaries for whole government accounts		
Balances with local authorities	171	38
Balance with similar public bodies	41	70
Balances with other central government bodies	168	139
Balances with bodies external to government	459	435
Total trade and other receivables	839	682

13. Cash and Cash Equivalents

	2025	2024
	£000	£000
Opening balance 1 April	4,624	2,864
Net change in cash and cash equivalent balances	(2,654)	1,760
Closing balance 31 March	1,970	4,624

14. Assets Classified as Held for Resale

In line with the criteria specified in IFRS 5, land available for sale where the sale is anticipated to complete within one year is accounted for as a current asset at the lower of carrying amount or fair value.

	Land	Buildings	Total
	£000	£000	£000
Opening balance 1 April 2023	521	-	521
Transfer to/(from) assets held for resale	(272)	-	(272)
Other costs associated with sale of assets	-	-	-
Revaluation of held for sale	(17)	-	(17)
Disposals of non-current assets held for sale	(122)	-	(122)
Closing balance 31 March 2024	110	-	110
Opening balance 1 April 2024	110	-	110
Transfer to/(from) assets held for resale	228	-	228
Other costs associated with sale of assets	-	-	-
Revaluation of held for sale	-	-	-
Disposals of non-current assets held for sale	(110)	-	(110)
Closing balance 31 March 2025	228	-	228

Disposal

During the year plots at Cargenbridge Business Park were sold for proceeds £175k, resulting in a gain on sale of £65k.

Revaluation

Plots reclassified into held for sale have been revalued at fair value before transferring to current assets.

Reclassification in year and closing balance

Four commercial land plots at Annan Business Park and one commercial land plot at Cargenbridge Business Park are all under offer and meet the definition of IFRS 5. Accordingly they have been classified as held for resale, fair value £228k (2023/24 £110k).

15. Provisions

Provisions are recognised where an event is probable, only recognising a liability once certain. There are no provisions in 2024/25. In 2022/23 a provision was recognised for a tribunal and associated costs were incurred during 2023/24.

	2025	2024
	£000	£000
Opening balance 1 April	-	40
Increase during the year	-	-
Provision utilised in year	-	(40)
Closing balance 31 March	-	-

16. Trade Payables and Other Payables: falling due within one year

	2025	2024
	£000	£000
Trade and other payables	1,473	2,311
Accruals	1,025	2,295
Deferred income	27	43
Financial transaction funding due to SG	788	677
Trade payables and other current liabilities	3,313	5,326
Taxation payable		-
Total trade payables and other payables: falling due within one year	3,313	5,326

Analysis of trade and other payables within boundaries for whole government accounts		
Balances with central government bodies	788	680
Balances with local authorities	81	870
Balances with similar public bodies	438	707
	1,307	2,257

Balances with bodies external to government	2,006	3,069
Total trade payables and other payables: falling due within one year	3,313	5,326

17. Trade Payables and Other Payables: falling due after one year

	2025	2024
	£000	£000
Financial transaction funding due to SG	2,052	2,643
Total trade payables and other payables falling after one year	2,052	2,643

Previously SG provided SOSE with funding for financial transactions, the obligation was recognised upon receipt of funding. This is recognised as other payable falling due after more than one year in line with loan funding receipts due to be repaid to SOSE.

	2025	2024
	£000	£000
Analysis of trade and other payables within boundaries for whole government accounts		
Balances with central government bodies	2,052	2,643
Total trade payables and other payables falling after one year	2,052	2,643

18. Retirement Benefit Scheme

Pension benefits for employees are provided through the Local Government Pension Scheme (Scotland) (LGPS), administered by the Scottish Borders Council Pension Fund (SBC).

New employees are immediately eligible and automatically enrolled into the scheme unless they choose to opt out.

The LGPS is a registered public service pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. It achieved automatic registration by virtue of Part 1 of Schedule 36 of that Act (because the scheme was, immediately before 6 April 2006, both a retirement benefits scheme approved under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 and a relevant statutory scheme under section 611A of that Act). It complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004. The LGPS meets the government's standards under the automatic enrolment provisions of the Pensions Act 2008.

The LGPS is a CARE (Career Average Revalued Earnings) scheme. This means that pension benefits are worked out on the pensionable years' earnings and added to the member's accrued benefits to date. At the end of every scheme year the total amount of pension in the members account is adjusted to consider the cost of living. The accrual rate (currently 1/49th) guarantees a pension based on career average earnings revalued annually in line with inflation based on Consumer Price Index (CPI). Normal retirement age is linked to the member's individual State Pension Age.

Contribution rates are set annually for all employees. During the period SOSE contributed 19.4% (2023/24: 21.6%) to all members of the LGPS with the employee's contribution rate dependent on individuals' rate of pay.

For employees who have transferred into the scheme, LGPS members with pre-01/04/2009 service have an automatic entitlement to a lump-sum. Members with only post 01/04/2009 service have no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

Pension disclosure under IAS19

The assets of the scheme are held by Scottish Borders Council Pension Fund and are invested by pension and investment managers in accordance with the members' best interests.

A triennial funding valuation was carried out on the 31 March 2023 and the results have been prepared by Hymans Robertson LLP using the projected unit credit method of valuation and roll-forward to 31 March 2026. The triennial fund valuations establishes the level of employee and employer contributions required to meet the future obligations of the scheme.

Valuation

The valuation at 31 March 2025 indicates an asset of £3.774m (2023/24: £1.478m asset) in the SOSE pension fund. However due to asset ceiling considerations, where an entity must restrict the amount of surplus recognised, as required by IAS 19 and IFRIC 14 the value in the Statement of Financial Position is restricted a nil balance (2023/24: £0.241m asset recognised), see page 104 for further details on the asset ceiling calculation.

The required employer contribution rate during 2024/25 was 19.4% on pensionable salaries, remaining constant for 2025/26. In 2025/26, employer's contributions to LGPS are expected to be £1.463m.

An allowance for the following has been included within the triennial funding valuation:

- GMP equalisation / indexation treatment
- McCloud treatment

The major assumptions used by the actuary are summarised below:

Assumptions (% per annum)	31 March 2025	31 March 2024
Rate of salary increases	3.40%	3.45%
Rate of pension increase (CPI)	2.70%	2.75%
Discount rate	5.85%	4.85%

The assets in the scheme and expected rate of return were:

Assets expected rate of return	31 March 2025	31 March 2024
	£000	£000
Equity securities	4,740	1,971
Debt securities	3,102	-
Private Equity	2,103	-
Real estate	1,858	1,560
Investment funds and unit trusts	3,148	9,033
Cash and cash equivalents	259	404
Fair value of plan assets	15,210	12,968
Present value of scheme liabilities	(11,436)	(11,490)
Net pension asset / (liability)	3,774	1,478

Retirement benefit scheme

Analysis of the amount charged to SOCNE	31 March 2025	31 March 2024
	£000	£000
Current service cost	1,569	1,507
Past service cost	615	-
Interest income on retirement benefit assets	(676)	(325)
Interest on retirement benefit scheme obligations	681	338
Net pension scheme expense	2,189	1,520
Analysis of the amount recognised in SOCEs		
Return on assets excluding net interest	408	(289)
Other experience losses arising on the scheme liabilities	(116)	(114)
Changes in demographic assumptions underlying the present value of scheme liabilities	(23)	(375)
Changes in financial assumptions underlying the present value of scheme liabilities	(3,228)	(969)
Changes in the effect of the asset ceiling restriction	(1,297)	-
Asset ceiling restriction	3,774	1,237
Defined benefit cost recognised in SOCE	(482)	(510)
Reconciliation of defined benefit scheme		
Opening of defined benefit scheme	11,490	6,132
Movement in year:		
Current service cost	1,569	1,507
Past service cost	615	-
Interest cost on defined benefit scheme	621	338
Contributions from members	539	495
Benefits paid	(31)	(42)
Changes in assumptions ^{*1}	(3,251)	(1,344)
Other experience	(116)	4,404
Closing of defined benefit scheme	11,436	11,490
Reconciliation of fair value of plan assets		
Opening fair value of plan assets	(12,968)	(5,847)
Movement in year:		
Contributions from members	(539)	(495)
Benefits paid	31	42
Contributions by employer	(1,466)	(1,536)
Interest income on plan assets	(676)	(325)
Other experience ^{*2}	-	(4,518)
Return on plan assets	408	(289)
Closing fair value of plan assets	(15,210)	(12,968)

Asset ceiling adjustment	31 March 2025	31 March 2024
Closing fair value of plan assets	(15,210)	(12,968)
Asset ceiling adjustment	3,774	1,237
Net pension (asset) / liability	-	(241)

*¹ Changes in assumptions in 2024/25 were materially affected by the corporate bond yield rising over the period, resulting in an increase of 1% in the discount rate assumption (2% 2023/24), leading to a gain of £3.040m.

*² Change in other experience is principally as a result of the triennial funding valuation.

Asset ceiling

To calculate the asset ceiling, assumptions were made on the present value of the economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan.

- No economic benefit has been recognised with regards to a refund as the employer has no unconditional right to a refund from the Fund.
- The economic benefit associated with a reduction in future contributions, recognising a minimum funding requirement for future service, has been estimated as the present value of employer future service costs less the present value of future employer contributions.

SOSE has recognised the economic benefit available as a reduction in future contributions at £3.774m (2024/25 £0.241m) in the Statement of Financial Position by calculating the present value of employer future service costs of £46.251m (2024/25 £105.601m) less the present value of employer future contributions of £65.397m (2024/25 £105.360m). As employer future contributions exceed future service costs no asset is recognised, a liability is not recognised because SOSE can reduce future contributions.

Expenditure recognised in the statement of comprehensive net expenditure

	2025	2024
	£000	£000
Net management expenditure on staff costs ^{*1}	718	(29)
Other finance charges	5	13

*¹ includes an adjustment for an ill-health retirement strain through past service cost

The total gain amount recognised in the statement of other comprehensive net income / expenditure in respect of the actuarial gain is £0.482m (2023/24 £0.510m) including asset ceiling adjustment £3.774 (2023/24 £1.237k).

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are:

	2025		2024	
	Male	Female	Male	Female
Current pensioners	19.8 years	23.3 years	19.9 years	23.3 years
Future pensioners*	22.8 years	25.6 years	22.9 years	25.6 years

*Figures assume members aged 45 as at the last formal value date

Sensitivity around key assumptions for retirement benefit scheme are based in part on current market conditions. Additional information is disclosed in Note 1, page 81.

19. Right-of-Use Assets and Leases

- At the end of the lease SOSE did not renew the fleet of leased electric vehicles, SOSE now offers an Electric Vehicle Salary Sacrifice scheme.
- During the year SOSE reduced the office space in Carmont House to align to our need, following Scottish Enterprise's exit in August 2024 from the Memorandum of Terms of Occupation.

Right-of-use assets

	2024/25			2023/24		
	Property	Vehicles	Total	Property	Vehicles	Total
	£000	£000	£000	£000	£000	£000

Cost

Opening balance 1 April	278	29	307	262	24	286
Additions in year	-	-	-	16	5	21
Disposal in year	(16)	(29)	(45)	-	-	-
Closing balance 31 March	262	-	262	278	29	307

Depreciation

Opening balance 1 April	(85)	(23)	(108)	(28)	(11)	(39)
Charged in year	(55)	(6)	(61)	(57)	(12)	(69)
Disposal in year	5	29	34	-	-	-
Closing balance 31 March	(135)	-	(135)	(85)	(23)	(108)

ROU asset carrying amount

Closing balance 31 March	127	-	127	193	6	199
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Lease Liabilities

Opening balance 1 April	184	6	190	226	13	239
Additions in year	-	-	-	16	5	21
Payments in year	(54)	(5)	(59)	(58)	(12)	(70)
Disposal in year	(11)	(1)	(12)	-	-	-
Lease liabilities 31 March	119	-	119	184	6	190

Lease liabilities < 1 Year	52	-	52	57	6	63
Lease liabilities > 1 Year	67	-	67	127	-	127
Lease liabilities 31 March	119	-	119	184	6	190

Future lease payments – IFRS 16

	2024/25			2023/24		
	Property	Electric Vehicle	Total	Property	Electric Vehicle	Total
	£000	£000	£000	£000	£000	£000
Obligations under IFRS16 lease						
Within one year	52	-	52	57	6	63
Within two to five years	67	-	67	127	-	127
In over five years	-	-	-	-	-	-
Total lease obligation	119	-	119	184	6	190

Future minimum rentals receivable under non-cancellable operating leases

SOSE owned property in Annan, Gretna and Selkirk is available for commercial lease to third parties, managed by Colliers Property Management Limited. Ettrick Riverside, Selkirk is in part available to third parties and also occupied by SOSE for office accommodation. The table below outlines all non-cancellable operating leases with third parties in relation to rent of SOSE properties.

	At 31 March 2025	At 31 March 2024
	Property	Property
	£000	£000
Receivable under operating and similar leases		
Within one year	161	134
Within two to five years	270	295
Over five years	-	-
Total receivable under operating and similar leases	431	429

20. Commitments

SOSE undertake programmes (including grant funding) and strategic commitments extending beyond one financial year. The below committed expenditure is not recognised as a liability. The future of these is dependent upon successful completion of the project prerequisites (i.e. evidencing grant criteria) and will be met from SOSE's future Grant in Aid funding from the Scottish Government.

Commitments - 31 March 2025	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£000	£000	£000	£000	£000	£000
Programme commitments:						
Capital commitments	7,907	943	740	0	0	9,590
Revenue commitments	300	300	100	0	0	700
Financial transaction commitments	0	0	0	0	0	0
Total programme commitments	8,207	1,243	840	0	0	10,290
Strategic commitments:						
Capital commitments	464	63	76	63	25	691
Revenue commitments	803	440	0	0	0	1,243
MTBIC commitments*	74	0	0	0	0	74
Total strategic commitments	1,341	503	76	63	25	2,008
Total commitments	9,548	1,746	916	63	25	12,298

*MTBIC commitments reflect the firm commitments in advance of full business case approval

Material future years commitments:

- Tweed Forum Ltd £2.870m
- Scottish Borders Council – Borders Innovation Park £1.662m
- Hydrotrux Ltd £0.718m
- Dalbeattie Community Initiative £0.700m
- South of Scotland Destination Alliance (SSDA) £0.700m
- Stranraer Water Sports Association £0.699m

Commitments - 31 March 2024	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£000	£000	£000	£000	£000	£000
Programme commitments:						
Capital commitments	7,112	3,289	860	690	-	11,951
Revenue commitments	679	100	100	100	-	979
Financial transaction commitments	100	-	-	-	-	100
Total programme commitments	7,891	3,389	960	790	-	13,030
Strategic commitments:						
Capital commitments	794	73	64	64	-	995
Revenue commitments	591	4	4	-	-	599
MTBIC commitments	373	-	-	-	-	373
Total strategic commitments	1,758	77	68	64	-	1,967
Total commitments	9,649	3,466	1,028	854	-	14,997

21. Transactions involving Board Members' and Directors Registered Interests

During the year, the following transactions were made by SOSE with businesses in which Board members or senior management had an interest.

Transactions where a Board member or Director had a financial interest (in year):

Business	Approved /awarded* in year	Amount paid* / (received)	Nature of transaction	Purpose	Board member	Interest
Natural Power Services Limited	2023/24	90,750	Grant payment	Expansion of control centre operations	J Sainsbury	Director
The Natural Power Consultants Limited	64,800	64,800	Competitive Procurement	Delivery of services, Heat Network Prospectus	J Sainsbury	Director
Scotmas Ltd	2021/22	(124,504)	Loan/interest repayments	Repayment of loan	A Cameron	CEO
Scotland's Rural College (SRUC)	2023/24	421,324	Grant payment	Transformation project to foster innovation in the dairy sector	M Thomson	Vice Principal
Scotland's Rural College (SRUC)	23,445	23,445	Procurement - Direct Award	Delivery - Pathways Pilot Enterprise Activity	M Thomson	Vice Principal
Scotland's Rural College (SRUC)	8,732	8,732	SOSE Board member pay	SOSE Board member pay, payment made to SRUC	M Thomson	Vice Principal

*Figures include irrecoverable VAT where applicable. The year of the award has been noted where this did not fall within 2024/25.

Organisations which received funding in the year and in which the Board members, key management staff or other related parties had a non-financial interest include:

- Biosphere
- Borders College
- Crichton Digital Upgrade
- Economic Development Association Scotland (EDAS)
- Interface
- Rethink Carbon Limited
- Scottish Renewables Forum Ltd
- Southern Uplands Partnership
- SOS Regional Economic Partnership
- SRUC
- SWESTRANS
- Upper Nithsdale Arts and Crafts Community Initiative.

22. Related Party Transactions

SOSE is a Non-Departmental Public Body sponsored by the Scottish Government. The Scottish Government is regarded as a related party. During the year SOSE has had material transactions with the Scottish Government and with other entities for which the Scottish Government is regarded as the parent body.

In addition, SOSE has had a number of transactions with other Government departments, central government bodies, local government, non-departmental public bodies or similar organisations.

Transactions have taken place with:

- | | |
|-------------------------------------|--------------------------------------|
| • Audit Scotland | • Registers of Scotland (land) |
| • Borders College | • Scottish Borders Council |
| • Civtech | • Scottish Enterprise |
| • Dumfries and Galloway Council | • Scottish Forestry |
| • Dumfries and Galloway College | • Scottish Funding Council |
| • Edinburgh Napier University | • Scottish Government |
| • Her Majesty's Revenue and Customs | • Scottish Water |
| • Heriot Watt University (Converge) | • Skills Development Scotland |
| • Highlands and Islands Enterprise | • University of the West of Scotland |
| • Historic Environment Scotland | |

23. Financial Instruments

SOSE has exposure to the following risks from the use of financial instruments:

1. Liquidity risk
2. Credit risk
3. Market risk

This note presents information about SOSE's exposure to each of the above risks. Further quantitative disclosures are included throughout these accounts.

The Senior Leadership Team has overall responsibility for the establishment and oversight of the company's risk management framework. The Audit and Risk Committee oversees how management monitors compliance with SOSE risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by SOSE. SOSE has no derivative financial assets or liabilities.

Liquidity risk

Liquidity risk is the risk that SOSE will not be able to meet its financial obligations as they fall due. The organisation's approach to managing liquidity is to ensure that it will have sufficient liquid funds to meet its liabilities as they fall due. SOSE's primary source of liquidity is the Grant in Aid provision from the Scottish Government. SOSE has no debt or borrowing facility with any external party.

Liquidity is managed using the operating plan and by monitoring actual performance against budgets and forecasts.

The table below details the contractual maturities of financial liabilities:

	2024/25	2023/24
	£000	£000
	Within one year	Within one year
Financial liabilities		
Trade payables and other liabilities*	3,365	5,389
	Greater than one year	Greater than one year
Trade payables and other liabilities*	2,119	2,770
Total financial liabilities	5,484	8,159

*Includes lease liability

Credit risk

Credit risk is the risk of financial loss to SOSE if a customer or counter party fails to meet its contractual obligations and arises from financial assets and trade and other receivables.

SOSE invest in a variety of companies by issuing loans from financial transaction funding. Appropriate due diligence is completed prior to offering loan funding, in order to mitigate the credit risk associated with loan transactions. Security will be held over loans, where available and appropriate to do so.

Credit risk arising from SOSE's normal operations, including holding non-current financial assets, is controlled by individual business units and receipts from rentals are managed by Colliers International Property Consultants Ltd (Colliers). Checks on potential tenants are conducted by Colliers in advance of them making recommendations to SOSE. SOSE use the recommendation from Colliers to make an informed decision before approving a new lease. The checks are in place to control the credit risk SOSE will have from any single counterparty.

SOSE operates a debt management process including monitoring, escalation procedures and recourse to court action to recover monies outstanding. Provision is made for doubtful receivables upon the age of the debt and estimation of collecting overdue debts.

The maximum exposure to credit risk is represented by the carrying amount in the Statement of Financial Position.

Cash and cash equivalents are held with banks which are covered by the Financial Conduct Authority.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

The maximum exposure to credit risk at 31 March was:

	2024/25	2023/24
	£000	£000
	Greater than one year	Greater than one year
Financial assets-non-current assets		
Financial assets	1,763	2,149
Financial assets-current assets	Within one year	Within one year
Trade and other receivables	751	568
Cash and cash equivalents	1,970	4,624
Current other financial assets	922	694
	3,643	5,886
Total financial assets	5,406	8,035

The aging of trade and other receivables was:

	2024/25		2023/24	
	£000	£000	£000	£000
	Gross	Provisions	Gross	Provisions
Not passed due	734		556	-
Past due 0 to 30 days	3	-	9	(1)
Past due 31 to 90 days	12	(1)	-	(1)
Past due more than 90 days	6	(3)	12	(7)
Total trade and other receivables	755	(4)	577	(9)

Market risk

Market risk is the risk that market prices such as interest rates and foreign exchange rates will affect income or the valuation of financial assets.

- Interest rate risk

At the date of the Statement of Financial Position the market risk of SOSE's interest bearing financial instruments was:

	2024/25	2023/24
	£000	£000
	Within one year	Within one year
Variable rate instruments		
Cash and cash equivalents	1,970	4,624

SOSE do not believe our Financial Assets are significantly affected by market risk. During the year, the cash and cash equivalents received bank interest, this is subject to variation based on movements in the Bank of England base rate and associated interest rates. To assess sensitivity of financial instruments, assuming all other variables remain constant, a change of 100 basis points in interest rate at the time of reporting would have resulted in the below effect.

- Interest rate risk sensitivity

	2024/25		2023/24	
	£000	£000	£000	£000
Cash and cash equivalents	Increase	Decrease	Increase	Decrease
31 March	37	37	45	45

- Currency risk

SOSE is exposed to currency risk on transactions and balances denominated in currencies other than Sterling. Whenever practical, SOSE enters into agreements in its functional currency in order to minimise risk. At 31 March 2025, there were no balances in the Statement of Financial Position held out with functional currency.

24. Events after the Reporting Period

The management have considered the 2025/26 activity to date and confirm there are no significant or material events to report.



Accounts Direction by the Scottish Ministers

South of Scotland Enterprise**DIRECTION BY THE SCOTTISH MINISTERS**

1. The Scottish Ministers, in accordance with section 15 of the South of Scotland Enterprise Act 2019 hereby give the following direction.
2. The statement of accounts for the financial period from the date of establishment of South of Scotland Enterprise to 31 March 2021, and for subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.



Signed by the authority of the Scottish Ministers

Dated 15/06/2021

Contact Us

Find out more at
www.southofscotlandenterprise.com

Or get in touch to find out how we can tailor our support to your individual needs and circumstances

www.southofscotlandenterprise.com/contact-us
0300 304 8888

To request this document in an alternative format, such as large print, different language or on coloured paper please get in touch with us .

AI has been used to enhance sections of the report