

APPROVED PUBLIC MINUTE OF MEETING

SOUTH OF SCOTLAND ENTERPRISE – BOARD MEETING

(Note: This public minute excludes wording removed in the interests of effective conduct of public affairs.)

26 February 2026

**Kirkmichael Conference Room, SRUC, Barony Campus, Parkgate,
Dumfries DG1 3NE**

Board members in person Professor Russel Griggs OBE (Chair) Anna Austin Alistair Cameron Rory Christie Helen Forsyth Duncan McConchie Jane Morrison-Ross, Chief Executive Mary Thomson Paul Winstanley (via MS Teams) SOSE Senior Leadership Team in person Allan Harrow, Director of Business Enablement Karen Jackson, Director of Strategy and Insight Donna Marshall, Interim Director of Investment, Business and Entrepreneurship Martin Valenti, Director of Investment and Sustainable Enterprise Apologies: Emma Guy	Scottish Government in person Scottish Government Officials – Regional Economic Development Division External guests Representative from Scotland’s Rural College SOSE staff via MS Teams Isabel Conway, Head of Strategy and Policy Kevin Dickson, Economic Infrastructure Development Specialist Elaine Jackson, Business Development Specialist– Nick Silverstein, Head of IT and Digital Michelle Skotzen, Business Specialist SOSE Staff in person Nicola McArthur, Head of Finance Services Jill Millar, Business Coach Caja Sharkey, Business Gateway Advisor SOSE Admin Staff in person Claire Barrett, EA to Donna Marshall, Interim Director of Investment, Business and Entrepreneurship Linsey McGillivray, EA to Chair
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1. WELCOME AND APOLOGIES

- The Chair welcomed Board members, colleagues and guests to the meeting. Apologies were noted as above. The meeting was declared quorate.

3. BOARD INTERNAL MATTERS

- The confidential note of the previous internal matters item at the meeting on 18 December was approved.
- A separate confidential note was taken of the Board internal matters items.

6. DIRECTOR GENERAL ECONOMY

7. Scottish Government's Director General, Economy, spoke of the important relationship between Government and public bodies and thanked Board for their work.
8. SOSE's successes including the Pathways Programme and Center Parcs were noted.
9. Discussions included composition of businesses in the region, the food sector, Net Zero transition and other challenges within the region and the impacts of Public Sector Reform.
10. Thanks were given to the Director General, Economy. SOSE continued to work well with the Director of Economic Development and the Sponsor Team and continued to work together with Scottish Government as Team South of Scotland.

11. DECLARATIONS OF INTEREST

12. The Chair informed there were no declarations of interest prior to the meeting and there were no new declarations of interest at the meeting.

13. MINUTE OF PREVIOUS MEETING AND ACTION LOG

14. The minute of the previous Board meeting was approved with one minor change, and the action log was noted.

15. CHAIRS REPORT

16. The Chair informed that Ayton Castle had been purchased by a celebrity and Disney+ would be assisting with funding the upgrade of the castle as part of a televised series. SSDA had mentioned that there would be serendipitous opportunities.
17. On 18 March the First Minister would come to Dumfries to the site of Kight Power Hub before going to The Usual Place and then to Center Parcs launch.
18. An update was provided on the Mountain Bike Innovation Centre. The Lessons Learned Group would look at this project to see the learning process thus far.
19. All required approvals for the Mountain Bike Project had been approved and the first funding for phase one of the project was approved for delivery. A lot of work had been put into the business case to secure that funding, and it was good to move on to an impactful part of the project.
20. The Director of Investment and Sustainable Enterprise updated Board members of an exciting potential development at Chapel Cross Power Station in the region.
21. Strategic opportunities of this scale and nature could help to create a legacy for the site which had sat idle for over 20 years. Breathing new life into the site to provide vast amounts of clean power would help to enable new and innovative technologies to come to the region including those that support the AI revolution. This was a major opportunity for rural regeneration and SOSE was working closely with all key stakeholders to land this legacy opportunity.
22. The Director General Economy spoke of AI growth zones nationally, the importance of the hydrogen element and to spend time and resource to get the economic model right. The Chief Executive assured that this data centre was genuinely different and that there was an eco-system being planned around it and the company was not looking at any other sites other than this one with localised hydrogen provision. The Director for Investment and Sustainable Enterprise confirmed that he had been in contact with appropriate Scottish Government colleagues about the strategic opportunities.

23. CHIEF EXECUTIVE'S REPORT

24. The Chief Executive confirmed that the Budget settlement had been accepted and was coming to Board for approval later in this agenda.
25. The Chief Executive commended the teams working on the Mountain Bike Innovation Centre and Center Parcs. A huge amount of work had been undertaken working in partnership with the Director of Economic Development.

26. Ongoing discussions were being held on budget allocation and SOSE continued to look at flexing and reprioritising, aligning with the skills review, Shaping SOSE for the Future and an early retirement scheme.
27. The Chief Executive spoke of exciting projects in the South with the Deep Tech Accelerator Hub proving to be a real catalyst. Work continued with green life sciences.
28. Huge thanks were given to Board, SOSE colleagues and all attendees for the success of the Parliamentary Reception which gained incredibly positive feedback.
29. A Board member had enquired how SOSE were strategising for AI and if AI would assist with resource challenges. The Chief Executive described the internal policies on AI adoption, the internal training, its integration and use. Staff were receiving a Co-Pilot presentation, and a reminder had gone out to staff about digital inclusion and to not assume clients had good levels of confidence in tools and technology. Good feedback had been received.
30. The challenge would be how to resource the scaling up of AI. The Chief Executive would discuss with the Performance Team the potential to measure efficiency improvements due to AI roll out. The Head of IT and Digital and the AI Innovation Lead would be invited to deliver an item on Cyber Security and AI Technology at a future Board meeting.

31. MAKING A DIFFERENCE: A CONNECTED CLIENT JOURNEY FROM INSPIRATION TO GROWTH

32. Business Gateway Borders was established in 2020, and 1,000 new businesses had been started since SOSE took delivery.
33. The Pathways Programme was launched in July 2025, and 93 referrals had been made to Business Gateway Borders.
34. A SOSE Business Coach, a Business Gateway Advisor and a Pathways client attended Board and provided an inspirational presentation on the client journey illustrating the wrap around support from planning to trading to growth.
35. The entrepreneurial road map explained the close partnership working with schools, colleges and other networks and the support provision of 1:1s and workshops.
36. A video was shown of a client who had worked on a project called Kindling Minds which provided alternative learning methods for pupils. The success of this project was scaling to international use.
37. A Pathways Phase 1 and 2 client shared her journey for her Forstaris Studio interior design and lighting business which was now paying dividends and had provided her with new skills and a national presence. She was incredibly appreciative and complimentary of the programme.
38. Thanks were given to all presenting and for illustrating the road map of support. Note was made of the BOSS method of helping clients: to look at Blockers, identify Opportunities, improve Strengths and to look at Situations.

39. SRUC – DAIRY NEXUS – SOSE’S ROLE

40. The Interim Director of Investment, Business and Entrepreneurship described SOSE’s role and involvement with Dairy Nexus and the building installed on SRUC campus which was completed in 2025. SOSE worked alongside SRUC and completed the business case to Borderlands for funding. The building was comprised of modular sections and was highly energy efficient and fit for purpose.
41. The Director General, Economy and SOSE Board members joined the Head of Dairy Research and Innovation Centre at SRUC to visit Dairy Nexus and colleagues experienced informative demonstrations from three users of the different laboratories within.
42. The Chair thanked the Director General, Economy for his welcome presence at Board and the Director General, Economy responded with his thanks also.

43. MONEY MATTERS

44. The Director of Business Enablement presented two papers which had been shared and summarised the strong finance position to the end of January 2026 and the budget for the new financial year. It was recognised there were clear plans to manage the pressure faced in the coming year and good finance stewardship had been demonstrated.
45. The Head of Finance Services gave a detailed report on the fluid finance position which enabled capture of all opportunities. Board members were assured that although there was still pressure on capital, underspends would be captured and year-end adjustments would be made to land as close as possible to budget. The budget, resource position and commitments were all being tracked closely.
46. Discussion was around the use of external consultants for legal advice. Headcount would not be increased overall but internal expertise and knowledge had improved due to the build up of knowledge and external advice already gained. Internal expertise in house would be via a newly qualified lawyer, but an expert help budget was ring-fenced and going forward, advice could also be gained potentially from partnership approach.
47. The Head of Finance Services and Director of Business Enablement were thanked for their work; the Financial Report was noted and the Budget for 2026/2027 was approved.

Decisions	The Board noted the Financial Report 01 April 2025 - 30 January 2026
	The Board formally approved the 2026/27 budget

48. STRATEGIC PROJECTS UPDATE

49. Green Cat Hydrogen – Creca Hydrogen Project

50. The Director of Investment and Sustainable Enterprise had provided an update earlier in the meeting on CX Power.
51. He introduced SOSE's Economic Infrastructure Development Specialist and SOSE's Business Specialist who provided background and detail on Green Cat Hydrogen, an inward investment project which would make a huge difference to the South of Scotland. With SOSE support the region could lead Scotland's emerging hydrogen economy and secure long-term prosperity for communities, businesses and future generations.
52. There was discussion around the use of wind energy from the windfarm, grid constraints and the draw in of renewables and it was confirmed that it would not unlock capacity for another windfarm.
53. Board members were supportive of the project and gave their approval.
54. There were further questions around clean power and it was suggested to bring a paper to a future Board meeting.

55. Galloway Distillery

56. The Chair informed that a paper had been received by Board in July 2025 and it had been paused until more information was received.
57. The Business Development Specialist and a Board member with specific expertise in the Distillery Industry had communicated this week to discuss the paper shared today in more detail.
58. The previous paper had requested a lesser amount and the new request for an increased amount was to expand the existing Galloway Distillery facility and purchase new, more efficient distillery equipment to allow the business to increase productivity and profitability, reduce carbon emissions and attract a significant level of inward investment into the region.
59. Crafty Distillers now traded as Galloway Distillery – and wished funding to support construction costs to expand the site, improve the visitor centre, enhance the gift shop and provide a new car park as well as distillery equipment. The increased scope would increase employment from 11 people to 19 people.
60. Board members discussed whether the investment was in a commercial distillery or whether the investment was in the connection with Sam Heughan. The proposed

- increase in capacity in distillery sales and its intrinsic connection to Sam Heughan (Outlander actor) was where the value was seen. The brand Sassenach was not associated with Crafty as the Sassenach brand was separate to the actual distillery.
102. The Chair agreed that the paper would not be approved, and further information was required to be explained around the link of the distillery to the Sassenach brand and forecasts.
103. The Chair and Chief Executive would go back to the investors and explain that they were not unsupportive but would like to have a better understanding.
104. It was suggested to have an external consultant from the distilling industry to look at the expansion figures.
105. A Board member had witnessed the “Sam Heughan effect” in the local area and would be supportive of a visitor centre and funding to include the purchase of the land and for the car park.
106. The Business Development Specialist broke down the timescales for the grant, and this was detailed in the paper.
107. It was suggested to look at this as two papers – one for the visitor centre and another for the Distillery.
108. Board was informed that the land had already been purchased and enquired if this would be reimbursed. Relevant rules and SOSE’s own current procedures would need to be looked at including any potential options where this could be an exceptions case. The Head of Finance Services and the Chair of ARC would oversee recalculation of the intervention rate if only the land purchase was funded.
109. The Chair agreed that the purchase of the land would be approved meantime, but there were further questions regarding the clarity split between the distillery and the visitor centre.

Decision	The Board considered the recommendation of a grant of £1,866,858 to allow Crafty Scottish Distillers Ltd and Latha Ur Ltd to expand the existing Galloway Distillery facility and purchase new, more efficient distillery equipment to allow the business to increase productivity and profitability, reduce carbon emissions and attract a significant level of inward investment into the region. Board had asked for this to be re- presented with investment focused on the visitor centre and visitor economy opportunities presented by new building and expansion.
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110. CREATING RURAL LEADERS OF THE FUTURE – DEVELOPING PLANS

111. The Director of Strategy and Insight spoke of the recent meeting that took place with the Rural Operations Director for Scottish Enterprise who was the driving force behind the Rural Leaders Programme. Conversation was around exploring what SOSE would do to create rural leaders of the future and if there was anything that could be done to add value. SOSE’s Youth Advisory Forum were doing work with many partners, including Developing the Young Workforce, and doing lots in the space with NFU leaders and farmers. The challenge was to do something meaningful and inclusive e.g. with young people with additional support needs and to develop something genuinely inclusive.
112. The next step would be to explore and to arrange a round table of people to explore opportunities and challenges.
113. Board members wished SOSE to continue to look at this and suggested reviewing:
- Providers of pre-apprenticeship and modern apprenticeship programmes including college providers and private sector training providers.
 - Border Union Bursary panel and the opportunity to understand how that panel might work with future initiatives to support progression to lifelong learning opportunities such as Nuffield scholarships.

- Pathways Rural Talent.
 - Growing rural talent and initiatives which developed from that initiative.
114. The Director of Strategy and Insight was conscious of the requirement of resource and as SOSE were already funding the Scottish Rural Leaders Programme so perhaps additional input could be to that programme.
115. Board members felt that the programme was slowing down and there was a need to readvertise the programme. It was queried where the next farm managers were coming from and perhaps an MBA level programme could be resourced to reflect that.

116. OPERATING PLAN PROCESS

117. The Head of Strategy and Policy was congratulated for her appointment to the role, and she provided details of the progress of the Operating Plan 2026/27 and its timeline.
118. The annual plan set the Operating Plan for a strategic 5-year plan, it set out actions and activities for the next financial year, providing operational needs for the months ahead. The timeline was sensitive to the Election on 07 May and would not be published until after May.
119. There were actions for the delivery of the 6As – a cost cutting delivery of programmes and would include case studies. The plan would be to share a draft copy in April and publish in May.
120. There would be useful insights for a refresh on the 5-year plan following Shaping SOSE for the Future programme and the start of the new Parliament in May.
121. Thanks were given to the Head of Strategy and Policy.

122. CYBER SECURITY

123. The Board had been provided with a paper and slides by the Head of IT and Digital providing information on cyber-security, it's use on an operational basis and phishing tests.
124. A significant upturn had recently been witnessed in cyber-attacks in national companies such as Marks and Spencer and Landrover.
125. It was evident the threat landscape was evolving and intensifying, demanding a lot more vigilance.
126. SOSE had a proactive and structured approach with training, cyber exercises, simulations and tests. Assessments were made of the efficacy of the technical controls and partner collaboration. Decision making was clear and there were efficient communications between SOSE and partners.
127. With the rapidly evolving landscape SOSE needed to continue to assess and have ongoing communication and vigilance.
128. Board members enquired about the proposals to mitigate risks: to use SOSE equipment that was provided and also to use SOSE email addresses which would improve the ability to control damage.
129. Board members spoke of the inconvenience of multi-lap top use and the lack of ability to log into another organisation's Microsoft office 365.
130. Board members were informed of the danger of third-party emails being compromised and the need to mitigate risks.

131. HEALTH AND SAFETY REPORT

132. The Health and Safety Report had been circulated to Board members for information, and it was formally noted.
133. The Board were informed of the building in Hawick – its profile was different and it had one room with hazardous materials in it which was being managed.

134. A.O.B.

135. There was no further business.

136. PAPERS FOR INFORMATION

137. The undernoted papers were provided for information:
- Forward plan
 - Approved Minutes of POD 06.11.25

138. DATE OF NEXT MEETING

139. 23 April 2026.