

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.]

20 AUGUST 2025

Hawick Business Centre, 10-12 Oliver Crescent, Hawick TD9 9BQ

<p>Board Professor Russel Griggs OBE (Chair) Anna Austin Alistair Cameron Rory Christie Emma Guy Duncan McConchie Jane Morrison-Ross, Chief Executive Mary Thomson Paul Winstanley</p> <p>SOSE Senior Leadership Team Anthony Daye, Director of Investment, Business and Entrepreneurship Allan Harrow, Director of Business Enablement Karen Jackson, Director of Strategy and Insight Martin Valenti, Director of Investment and Sustainable Enterprise</p> <p>Guests Representatives from Center Parcs</p> <p>Apologies: Helen Forsyth Kirsten Hannay</p>	<p>Scottish Government Scottish Government Officials – Regional Economic Development Division</p> <p>Scottish Government via MS Teams (for funding items) Scottish Government Officials – Regional Economic Development Division</p> <p>SOSE Staff Jayne Ashley, Head of Natural Capital Sarah Kenhard, Enterprise and Business Manager Kate Musgrave, Head of Enterprising Communities Nicola McArthur, Head of Finance Services Donna Mounce, Economic Infrastructure Development Specialist James Pattison, Community Development Advisor Paula Ward, Economic Infrastructure Development Specialist Lorna Watson, Business Development Specialist Paul Wheelhouse, Head of Energy Transition</p> <p>SOSE Staff in person Claire Barrett, EA to Anthony Daye Linsey McGillivray, EA to Chair – Minute</p>
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WELCOME AND APOLOGIES

1. The Chair welcomed Board members, colleagues and guests to the meeting. Apologies were noted as above. The meeting was declared quorate and there were no declarations of interest.

BOARD INTERNAL MATTERS

2. The note of the previous internal matters item and Chair's Report at the meeting on 03 July 2025 was approved.
3. A separate note of the internal matters discussed was taken.

DECLARATIONS OF INTEREST

4. The Chair informed that there were no declarations of interest.

MINUTE OF PREVIOUS MEETING AND ACTION LOG

5. The Minute of the meeting held on 03 July 2025 was approved.
6. Action Log – Item 174 Following a discussion with Dumfries and Galloway Council it was confirmed that the three Boards in Dumfries still existed and there was no ability to consolidate or merge these.

Decision	The minute of the meeting held on 03 July 2025 was approved.
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CHAIRS REPORT

7. The Chair informed of meetings and events that he had attended:
 - On 19 August the Deputy First Minister visited the South of Scotland and had met with the Duke of Roxburgh and attended the house in Galashiels where Kight's innovative energy storage battery had been installed.
 - SOSE had good presence at Kelso and Stranraer agricultural shows.
 - It was noted that the electoral map of the South of Scotland had changed, and it was important that as manifestos develop to ensure rural issues were highlighted.
 - Mairi Gougeon MSP Cabinet Secretary for Rural Affairs, Land Reform and Islands visited Rowan Glen and the milk project. A fruitful discussion had also taken place around the National Park, and it was hoped there would be further guidance around the National Park provided by October Board.

CHIEF EXECUTIVE'S REPORT

8. The Chief Executive informed the Board of recent visits, issues and challenges:
 - The Annual Report and Accounts 2024/25 had been signed and approved at the Audit and Risk Committee. Good constructive feedback had been provided by internal and external auditors.
 - The Deputy First Minister (DFM) had visited Eyemouth Harbour and was provided with a presentation of the Harbour Master Plan. The DFM was exceptionally supportive of the project.
 - A good collaborative working session had been held with the Chief Executive of Dumfries & Galloway Council and the Chief Executive Officer of Dumfries and Galloway NHS.
 - A roundtable was held in Stranraer which was attended by Council members, MSPs, SOSE, SSDA and members of the Community Development Trust. Discussion was held around the temporary permission which had been granted to Stena to have a secure lorry parking site at the pier. Work was underway to identify alternative potential sites so as not to impact on the huge investment to the marina area.

UPDATE CENTER PARCS

9. The Chair welcomed representatives from Center Parcs to the meeting. The representatives brought to life what guests could expect at Center Parcs, spoke of the

history and what the future held. Board members were interested to hear that the demographic location was similar to Longford where the local population had since increased and positive feedback was received from residents and businesses.

10. The proposed venture in the Scottish Borders would provide employment, career opportunities, apprenticeship schemes and supplier opportunities. Local sub-contractors and local supply chain would be used where possible.
11. They further gave an update on the planning application with Scottish Borders Council (SBC) which was so far going smoothly, was on target and meeting every deadline. There had been excellent engagement with local communities, with Senior members of the Center Parcs team at every meeting along with design and technical support team members. Board members were informed of the planning process and the process for objections. There had been no significant objections (some on road issues). A report was going to full council at SBC on the Land Reform Scotland Act 2003 as legal advice had been obtained to apply for a by-law to be compliant with the terms of the Act. The issue was around part of the Center Parcs model which requires a security fence. Council agreement would be sought to commence a consultation exercise in relation to the by-law and it would run in parallel with the planning application process. It would be the first example of such a case to comply with a by-law and although unique, it was not foreseen to be an issue.
12. Discussion took place with Board members:
 - The precedent of the by-law may be useful for other developments such as the bike park.
 - It was understandable that there may be objections regarding traffic management to the site.
 - There was concern raised regarding local employees such as local builders and hospitality staff and the impact on local businesses in nearby communities. It was noted that in Longford the population had increased and with upskilling and various career opportunities people returned to the area. It was expected that similar would occur in the Scottish Borders.
 - There was comparison to Center Parcs in Europe where it is a condition that sites actively promote local activities in the area. It was reassuring to hear that a nature and heritage centre would be built on the Scottish Borders site which will also support and showcase key elements of the local area. It was intrinsically connected through the planning process. It was anticipated it would be both historical and promotional. It was already accepted that Center Parcs would use Scotland Starts Here as part of their branding. It was thought that potentially a heritage centre would be created in all existing Center Parc UK villages.
13. Thanks were given to the Center Parcs representatives for their updates, and they left the meeting
14. SOSE's Economic Infrastructure Development Specialist attended Board to provide an update on SOSE's involvement and areas of support with Center Parcs and SBC. It was recognised that this was a once in a generation investment opportunity in the South of Scotland and the largest infrastructure investment in the Scottish Borders in the last ten years.
15. It was highlighted that Center Parcs had very flexible shift pattern models with consistency to the rostering which would enable more young people and young mums to work which lends itself to regional and national strategies.
16. SOSE had been working on the business case in partnership with Scottish Government and the numbers are positive.
17. An internal SOSE team was established to work across the multi-agency approach. Colleagues were presently working on the subsidy control process. A public facing report would be published and SOSE would continue to assist by housing weekly drop-in sessions and working in collaboration with our national partners.

DELIVERING ON OUR FUTURE OPPORTUNITIES – HYDROGEN AND CLEAN POWER

18. SOSE's Head of Energy Transition attended the meeting to address questions raised by Board members following the presentation they provided at the previous meeting. Areas addressed were:
- SOSE's involvement in Chapelcross and also with the Hylion Project.
 - Other projects where SOSE had been requested for assistance.
 - Obtaining the maximum value out of hydrogen because as volumes grow it would compete with gas.
 - The encouragement of factories and businesses to see if hydrogen could be part of their energy solution.
 - The challenge in terms of power network infrastructure.
 - Benchmark data on how South of Scotland performed nationally and internationally.
19. Thanks were given to SOSE's Head of Energy Transition for their knowledge and for attendance to share this.

FUNDING APPLICATIONS

20. The Board considered two funding applications.
21. *"Details of projects funded, and their values are published by SOSE on a quarterly basis once all relevant contractual terms have been agreed. Please refer to the [SOSE website](#) for information on the Grant Funding that we have distributed.*

MONEY MATTERS

22. The Head of Finance Services and Director of Business Enablement were thanked for their work, and the Financial Report was noted.
23. Formal record of thanks was given to the Head of Finance Services and her team – good feedback was received from both external and internal auditors. Auditors praised the proactivity of the team and suggested the information graphics were excellent and recommended use of these on SOSE website. The Team was to be congratulated.

Decisions	The Board noted the Financial Report
	The Board agreed the Annual Report and Accounts 2024-25 which had been approved at Audit and Risk Committee.

HEALTH AND SAFETY REPORT

24. The Health and Safety Report had been circulated to Board members for information, and it was formally noted.

Decision	The Board noted the Health and Safety Report
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NCIZ

25. SOSE'S ROLE IN SUPPORTING NATURAL CAPITAL

26. There had been a question from the Board about SOSE's role in supporting natural capital and an emerging concern that this was a diversion from SOSE's work on generating economic growth. The paper circulated to support the discussion had focused on the criteria being used to support projects that came under the Natural Capital Innovation

Zone (NCIZ) banner. While the discussion had been prompted by a specific project, acquiring land to support among other things innovative coastal management, the discussion focused on the general approach, and the project would come to the board at a later date if the internal assessment process was supportive.

27. SOSE's Head of Natural Capital attended the meeting and shared a presentation providing an overview of the NCIZ and how it contributed to SOSE's remit of supporting the furthering the economy, community and environment as set out in the founding legislation, the South of Scotland Enterprise Act 2019. The Head of Natural Capital spoke of the impact of the NCIZ, innovation, the Regional Land Use Framework vision for the South of Scotland landscape and the Regional Land Use Partnership.

28. The presentation was followed by a wide-ranging discussion that included:

Discussion:

- Natural capital was an emerging and undeveloped market. There was significant potential to draw in responsible private investment and contribute to the delivery of the wellbeing economy. The challenge was to look at how to encourage and enable investment and shape natural capital projects that would be impactful and able to attract investment.
- SOSE was already engaged in a range of natural capital projects including the natural capital programme that was part of Borderlands, Link Project and the investment through Wild Heart.
- Recognising the three elements of SOSE's remit, there was suggestion that as well as a risk rating, there should be a rating highlighting the risk/focus on environment, economy and community.
- The Director of Investment and Sustainable Enterprise described the potential of the NCIZ and that it was helping to create a strong identity for the region and what we offered. It was attracting interest from investors keen to know more and seeing the opportunity. It fitted well with SOSE's agreed market making ambition.
- Discussion continued around how decisions were being made on where to focus SOSE's finite resources. With traditional economic development projects, it was easier to see the impact – it was more immediate and easier to measure with well understood metrics. The impact of other projects was less immediate and required new ways of measuring. Some previous projects supported by the Board e.g. community land acquisitions had prompted a similar discussion about investments that created the conditions for growth but where the return would be on a generational timescale.
- Investments focused on supporting innovation had a similar challenge, it was about testing an approach that could lead to further growth.
- The return on investment in natural capital projects was frequently long term and also focused on innovation and new approaches that needed to be tested. The return could be significant – tackling key societal challenges, that would unlock economic opportunity. The South of Scotland needed to support those projects to create the conditions for success, and the entrepreneurs and innovators of the future.
- The challenge was posed to ensure that projects were presented in a strategic context so the Board could see how they contributed to SOSE's ambitions, to enable the Board to take decisions about prioritising resource and finance.
- The Board differed in its views about the level of detail it needed to reach decisions, and this had been an issue previously tackled. Some board members wanted much more detail while others emphasised the need to trust SOSE colleagues in their expertise and in depth understanding and their assessment in presenting the Board with appropriate detail.
- A Board member suggested that there would be value in providing a framework to help with understanding of the impact and an assessment of the contribution the investment would make. This would help with assessment and decision making.

- One Board member articulated their concern that natural capital projects were solely focused on environmental return and that there were already a range of funding sources to support those projects – including for land improvement and food production – and that those projects should not be ones that SOSE was looking to develop and support. There was no immediate economic benefit and SOSE should be focused on investment that generated economic return.
- The Chief Executive drew attention to SOSE's legislation and letter of guidance from the Scottish Government and the need for SOSE to look to support projects that had economic, social and environmental return. That holistic and joined up approach set SOSE aside from other agencies and had been welcomed by Government and others as the right approach to economic development. It was what lay behind SOSE's support to many existing projects.
- Looking at SOSE's market making approach, the opportunity was to be involved in shaping a market where private investors could invest in a range of projects that delivered economic, environmental and community returns. There were a range of emerging codes and frameworks – saltmarsh, peatland, woodland, biodiversity, carbon code – and it was key to be involved in their development and unlock this natural capital market.
- The South of Scotland had abundant natural capital assets that could attract investment and support innovation and new approaches and new business opportunities and responses to societal challenges. But there was risk involved and required appetite to take that risk and make a long-term commitment to seeing the impact.

STAR OF CALEDONIA

29. SOSE's Economic Infrastructure Development Specialist attended to speak to the Board to the paper which had been circulated requesting to provide an early indication of support for the Star of Caledonia project, recognising the scale of the potential funding ask (£1.45m) and the current economic climate. This would allow SOSE to consider committing staff resource to develop a full investment appraisal and business case. However, given the significant risks identified – including the funding gap, the Trust's limited experience in delivering large-scale infrastructure projects, and reputational concerns – this early support should be conditional on the Trust providing robust and satisfactory information to address the undernoted.

Decision	<p>The Board agreed to request further information from the Star of Caledonia Trust to address the following concerns:</p> <ul style="list-style-type: none">• Quantifiable strategic objectives• Clarity on how the new project proposal will relate to the original proposal in being a signpost to the rest of the South of Scotland• Confirmation of the full funding package, including resolution of the current gap• Clarity on VAT recovery and implications• Evidence of delivery capability and governance arrangements• A clear and credible revenue model• A comprehensive risk mitigation and communications strategy.
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MAKING A DIFFERENCE

30. SOSE's Business Development Specialist spoke to Board members of their four years of working on major client projects and of making a difference. Today had been an official opening of a construction, a celebration of Johnston's of Elgin's expansion project which created additional floor space. The extra space enabled improved productivity and advanced innovation, the creation of 50 jobs and raised the profile to support the local supply chain too. SOSE would continue to give ongoing support, to enable partnership working and to look at next steps. At the official opening SOSE was thanked profusely and specifically for the assistance provided by SOSE's Business Development Specialist.

A.O.B.

31. A big thank you was formally given to Anthony Daye the Director of Investment, Business and Entrepreneurship, one of the creators who helped to develop SOSE and who leaves SOSE in October. Huge thanks were given from all Board members, both past and present.
32. The Director of Investment, Business and Entrepreneurship thanked Board members, past and present and reflected on the impact of the Board on the South of Scotland and also the guidance from Board and learning which would be taken to his next post.

PAPERS FOR INFORMATION

33. The undernoted papers were provided for information:
- Forward plan
 - SOSE Annual Report and Accounts
 - Audit Scotland
 - Audit Scotland – SOSE Annual Audit Report

DATE OF NEXT MEETINGS

34. 23 October 2025 in Dumfries and Galloway.