

**CONVENTION OF THE SOUTH OF SCOTLAND
MONDAY 7 FEBRUARY 2020
EASTERBROOK HALL, DUMFRIES**

LIST OF DELEGATES

Surname	First Name	Company
Brannen	Roy	Transport Scotland
Brodie	Chris	Skills Development Scotland
Campbell	Joanna	Dumfries and Galloway College
Cantlay	Mike	Scottish Funding Council
Cowan	Heather	Transport Scotland
Cox	Angela	Borders College
Daly	Kimberley	Scottish Government
Davidson	Rob	Dumfries & Galloway Council
Dickson	Rob	Scottish Borders Council
Fairly	Roddy	Scottish Natural Heritage
Graham	Riddell	VisitScotland
Griggs	Russel	South of Scotland Enterprise
Halfhide	Nick	South of Scotland Enterprise
Hamilton	Karen	NHS Borders
Hanna	Linda	Scottish Enterprise
Haslam	Shona	Scottish Borders Council
Hodgson	Simon	Forestry and Land Scotland
Innes	Grant	Heriot Watt University
Jackson	Karen	South of Scotland Enterprise
Jakimciw	Tony	Borders College
Junik	Paul	Transport Scotland
Logan	Tracey	Scottish Borders Council
MacDougall	Jamie	Scottish Government
McAllan	Mary	Scottish Government
McLeod	Linda	Scottish Funding Council
Meahan	Lorna	Dumfries and Galloway Council
Mitchell	Frank	Skills Development Scotland
Morris	Nick	NHS Dumfries and Galloway
Murray	Elaine	Dumfries and Galloway Council
Passey	Elizabeth	University of Glasgow
Roberts	Ralph	NHS Borders
Robertson	Colin	Scottish Government
Rowley	Mark	Scottish Borders Council

Signorini	Dave	Scottish Forestry
Smith	Robert	Scottish Enterprise
Stevenson	Gavin	Dumfries and Galloway Council
Thurso	John	VisitScotland
Watt	Karen	Scottish Funding Council
Yeates	Damien	Skills Development Scotland

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John Swinney: Well, good morning everyone and welcome to the Easterbrook Hall at the Crichton campus for first meeting of the Convention of the South of Scotland. It's a pleasure to welcome you all here. The proposition to develop a Convention of the South of Scotland emerged from the work which has been going on for a number of years now between the Scottish Government, Scottish Borders Council and Dumfries and Galloway Council, where we formed what was called a South of Scotland Alliance, which was designed to draw together some of the thinking, the collective thinking between the local authorities and the government to enable us to work in a more cohesive and collaborative fashion.

I think we've seen some very good areas of work coming out of that activity. It led and informed the government's thinking around the legislation around the establishment of the South of Scotland Economic Partnership and then ultimately to the legislation, which has been successfully enacted to establish a South of Scotland Economic Agency, which will take its full powers on 1 April, which is a landmark occasion for the south of Scotland.

So, we've been on a bit of a journey to this point. But essentially, all of that work and the establishment of the Convention of the South of Scotland today, is to acknowledge the importance of ensuring that we are able to take forward an economic, educational and public policy agenda for the south of Scotland that truly recognises the unique issues and challenges and opportunities that are faced in the south of Scotland, and then also to make sure the aspirations of the south of Scotland are quite clearly and fully understood within the programs and outlook of the Scottish government to enable us to make the decisions that are well-informed by the aspirations and the outlook of the south of Scotland.

We have previously, for many years actually, our predecessors established the Convention of the Highlands and Islands, well, years ago, well before we became the government in 2007, probably in the early part of the life of the Scottish Parliament, and it was designed to be a forum of open discussion about priorities for the Highlands and Islands. I hope that the establishment of the South of Scotland Convention today provides us with a similar opportunity for us to have that discussion here in the south of Scotland and Ministers are here - well, I'm here to chair it and I'll chair all forthcoming meetings of the Convention of the South of Scotland, to ensure that we have a cross-government approach to the issues that we discuss.

I'll be joined by relevant Ministers, but for today's discussions, Fergus Ewing, the Cabinet Secretary for the Rural Economy and Michael Matheson, the Transport and Infrastructure Secretary are both here and I would imagine will probably make fairly consistent contributions to meetings of the Convention in the period to come. But

then other Ministers will be brought into the event as well, to enable us to have that open and connected conversation about what are the aspirations of the south of Scotland and how can we best address those.

Before we go into the various issues that we're going to discuss, I think we'll just go round the table and just say who's who, and then I'll invite Councillor Elaine Murray to say a few words to - I think I'm doing it - yes, I am doing it, inviting Councillor Elaine Murray to say a few words of introduction. It would help if I read what's in front of me, and then we'll move onto - so, I'm John Swinney - Deputy First Minister and the Cabinet Secretary for Education and Skills, Elaine Murray - Leader of Dumfries and Galloway Council, Shona Haslam - Leader of Scottish Borders Council, Russel Griggs - Chair of South of Scotland Enterprise, Nick Halfhide - Interim Chief Executive of South of Scotland Enterprise, Rob Davidson - Deputy Leader of Dumfries and Galloway Council, Gavin Stevenson - Chief Executive of Dumfries and Galloway Council, Dave Signorini - Chief Executive of Scottish Forestry, Simon Hodgson - Chief Executive of Forestry and Land Scotland, Frank Mitchell - Chair of Skills Development Scotland, Damien Yeates - Chief Executive of Skills Development Scotland, Karen Watt - Chief Executive of Scottish Funding Council, Chris Brodie - Lead for the skills planning team at Skills Development Scotland, Roy Brannen - Chief Executive of Transport Scotland, Heather Cowan, Official for Paper 2 from Transport Scotland, Paul Junik - Transport Scotland, Joanna Campbell - Principal of Dumfries and Galloway College, Karen Hamilton - Chair of NHS Borders, Elizabeth Passey - Convenor for the University of Glasgow, Grant Ennis, I will be the Chair of Court of Heriot-Watt from 1 August this year, Tony Jakimciw - Chair of Border College, Mary McAllan - Director of Economic Development at the Scottish Government, Nick Morris - Chair of NHS Dumfries and Galloway, Jamie MacDougall - Scottish Government Location Director for Scottish Borders Council, Robert Smith - Chair of Scottish Enterprise, Tracey Logan - Chief Executive of Scottish Borders Council, Mark Rowley - Councillor at Scottish Borders Council, Michael Matheson - Cabinet Secretary for Transport Infrastructure and Connectivity and Fergus Ewing - Cabinet Secretary for the Rural Economy.

John Swinney: Okay, thanks very much and you all didn't need me to prompt you to press the microphone to get it to activate, so that was another thing I forgot to say at the outset. Right, there's going to be no fire alarm and I think catering is that way whenever there's a break. So Councillor Elaine Murray, Leader of Dumfries and Galloway Council.

Elaine Murray: Thank you. I'm going to share my slot with Councillor Haslam and Russel Griggs. So, I'll just say a few words and then pass onto them to say a few words as well. It is genuinely a great pleasure I think for us all to take part in this first meeting of the Convention of the South of Scotland. South of Scotland Alliance had campaigned for many years for the creation of an enterprise agency similar, but not identical, to Highlands Islands Enterprise to focus its efforts on the particular challenges and opportunities for the economy of Dumfries and Galloway and the

Scottish Borders area. This attracted strong cross-party support and members of the alliance were more than happy to take part in the discussions which took place during and after the passing of the Act, which established the South of Scotland Enterprise. Some of those discussions centred around how the agency would be accountable to the people of the South of Scotland and how duplication of effort between the various agencies and partnerships operating in the region could be avoided, and the Convention is one of the mechanisms for both. Our first paper focuses on the purposes of the Convention and what we hope to achieve. As many of us have said, the economy of the South of Scotland is different. It faces challenges shared with other rural areas of the rest of Scotland, but some of those challenges are exacerbated here. We have an ageing population. People move here to retire, while younger people leave to study and work.

Those people who work in our area tend to be employed in sectors with low wages, skills and productivity. Most of our businesses are small and micro and therefore there are fewer opportunities for higher skilled jobs. But at the same time, there are serious problems with recruitment in the public and related sectors. Despite having a beautiful brand-new hospital, Dumfries and Galloway Royal Infirmary runs with consultant vacancy of over 20 per cent. Our NHS overspends almost solely due to overspend on locums and agency workers and delayed discharge here is caused by a lack of care workers. So, as well as upskilling our own people, we need to attract skilled workers from elsewhere.

Our transport connectivity, especially east to west, is poor and our digital connectivity, though improving, still does not reach every part of the region.

That said, the south of Scotland has much to offer, strategically well-placed with strong communities, land assets, energy resources and a rich and varied cultural heritage. In this era of climate emergency, the south of Scotland can play a vital role to achieve net zero emissions.

I believe that we're at the beginning of a very exciting chapter in the history of the south of Scotland. In addition to the creation of the new Enterprise Agency, we have the Borderlands Inclusive Growth Deal, the Edinburgh and South East Scotland City Deal and Dumfries and Galloway Council are in the early stages of developing a north channel partnership with East and Mid Antrim Council which will focus on the ports of Cairnryan and Larne promoting sectors of mutual interest such as tourism and food and drink.

If we are to achieve our ambitions of achieving the economic social and environmental success of our communities, increasing the productivity of our businesses, improving our physical and digital connectivity and ensuring that we make the best use of the latter, developing the skills of our own workforce, and attracting inwards investment, retaining younger people and attracting people of working age by promoting this region as one of aspiration and opportunity and making a valuable contribution to the climate challenge agenda, we need to work collectively.

We must align the work of our partners, agencies and new initiatives to ensure that we achieve the maximum impact for every action taken and for every pound spent. It is, of course, a huge challenge, but it is a huge opportunity and I think we are up to it.

John Swinney: Shona?

Shona Haslam: Thank you Elaine and thank you Deputy First Minister. It is great to be here today in what feels like the end of a journey but the beginning of an adventure. We come together today to discuss important strategic issues for the south of Scotland. As you can see, we have our new organisational landscape developing to drive inclusive economic growth in the south of Scotland, but we mustn't lose sight of the fact that the purpose of these structures is to build transformational, economic change for this region.

We're excited by these major strategic changes which were strongly promoted by both Scottish Borders Council and Dumfries and Galloway Council through the South of Scotland Alliance.

I thought it would be worth taking a little bit of time to go through what we are building here for those that are maybe less familiar, and reminding those of us who have been involved in the process what we've achieved so far. So, there are three key elements.

Firstly, the South of Scotland Enterprise which will come into being at the beginning of April and will be chaired by Professor Griggs. This new agency probably exceeds many of our predecessor's expectations and it will clearly have a role to play in developing and delivering inclusive economic growth for the south of Scotland.

Secondly, there is this Convention of the South of Scotland. The Convention will have a very important role in strengthening the alignment between the Scottish Government, the new agency, the two local authorities and public agencies around the table today in delivering in the south of Scotland. The Convention will enable us all to help drive inclusive economic growth and address the priorities of this region.

This Convention has a key role in ensuring effective partnership working and delivery across the public sector, to ensure progress and address any blockages that may arise. The Convention will meet twice a year, once in Dumfries and Galloway, where we are today, and once in my local authority area in the Scottish Borders.

The third part of the new arrangements that we're putting in place is a South of Scotland Regional Economic Partnership, or REP. This will be co-chaired by Dumfries and Galloway and Scottish Borders Councils, and it will involve a wider range of partners than the Convention, from business, the third sector and communities, as well as public sector partners.

From the very outset of our discussions, it was clear that the involvement of the wider stakeholder group was going to be crucial to the success, and from the good economy report, we know the scale and influence of the public in third sector in our economic development.

The South of Scotland Regional Economic Partnership's most important role will be to develop and agree the south of Scotland's regional economic strategy. Agreeing a regional economic strategy is a pre-requisite that will ensure clarity of purpose and agreed goals for all the partners, which will in turn help maximise impact.

I expect the strategy to require national agencies to work in new ways in the south of Scotland, responding to the particular circumstances of the area and tailoring their responses as appropriate. With a new agency to support, none of us can continue to do as we have always done, and therein lies the adventure.

Progress on implementing the regional economic strategy will be monitored by the regional economic partnership to ensure its effective delivery. This partnership will also discuss and address key issues pertaining to the economic development of the south of Scotland with partners and identify matters which need to be considered by this Convention. Are you following me so far?

All these changes will give additional impetus and impact to the economic development related activity already undertaken by our local authorities and our public agencies. Both my council and Dumfries and Galloway Council will remain a vital part of the system, continuing to deliver economic development support and other services that positively impact on the economic success of the area. Our role in providing wider support to the economy, for example, through schools and education, infrastructure investment and local services, is crucial for the future economic success of the south of Scotland.

I am sure that that new landscape will also help us drive forward proposals for strategic investment through the Borderlands deal, complementing the new activities being delivered by the south of Scotland enterprise.

But finally, I wanted to mention the South of Scotland Economic Partnership or SoSEP. We have seen the positive impact of effective partnership working that has been delivered through its work over the last two years, which has involved people from the private, public, third and education sectors, and has strongly influenced the development of the South of Scotland Enterprise.

The consultation and engagement that SoSEP has taken forward has helped to develop the collective understanding of the south of Scotland, and the opportunities and challenges that it faces. SoSEP has also recommended funding for a range of projects that would otherwise have not been supported, and while the work of SoSEP will come to an end in March, it leaves a great legacy on which these new structures can build.

So, I'd like to warmly thank all of those who have been involved and contributed to the work of SoSEP and I look forward to the adventure ahead. I'd now like to pass over to Professor Griggs who chaired the work of SoSEP and is taking forward the South of Scotland Enterprise.

Russel Griggs: Thanks Shona. Like Councillor Murray and Haslam, I am delighted to be here at the first meeting of the Convention of the South of Scotland.

It's an exciting time for us all in the south and we're ready for it. We have the right structures in place now, we have the right collective commitment and we have the right ambition. Our paper captures our vision for the south of Scotland informed by our extensive consultation with people across the area. We want to create prosperity and a thriving rural community, an economy that is strong, diversified and sustainable with enterprising communities and opportunities for all that cannot be achieved overnight. So, we're in this for the long term.

I look forward to hearing members' views on our vision and how they can contribute towards working with us to make it a reality. The paper sets out a range of key issues where working together is essential to ensure the best outcome for the south of Scotland; how we deliver fair work in a rural community, how we can grow our age-working population. How do we meet the needs of our diverse places? How can we best support our enterprises, both businesses and communities? How can we use the investment and infrastructure to best effect, and how can we contribute to tackling the global challenges that we all face?

I look forward to hearing members' views on where they believe the Convention can add more value, addressing barriers where they arise and unlocking opportunities. It will require us to work differently, to ensure that we listen and respond to the views of those across the south of Scotland and not let organisational boundaries get in the way of doing what is right.

National organisations will need to show flexibility and tailored responses for the south. Local and regional organisations will need to work together to present a unified view from the south. My experience from the South of Scotland Economic Partnership has shown that we can do that. I welcome Councillor Haslam's kind words on the work of the partnership.

Bringing a diverse range of people together, supported by public sector organisations, supporting economic development in the south of Scotland, facilitating different conversations which have shaped different approaches and ideas. We have been able to build on what works, but have not been afraid to do things differently. That will continue as South of Scotland Enterprise comes into being in just over eight weeks. The new agency will be central to delivering our collective ambition, working with partners to align to deliver a clear strategy for the region's success.

Our vision for the new agency is to establish the south of Scotland as a centre for opportunity, innovation and growth. Our mission will be to work with people and communities across the area to grow the economy. By providing investment expertise and mentoring, we will inspire the region to think bigger and unlock significant opportunities for all.

At our heart, we will have four key values; to be inclusive, to be responsible, to be bold and to be striving. We will continue to engage and listen. Our legislation requires that, but in a central way to the way we do work anyway. We will shape our offer to respond to the needs of the south; listening and getting it right will take time.

We will also embed the principles of fair work in all we do and ensure that we can do so in a way that's inclusive and sustainable.

We will also need to ensure that our success is measured in our terms using a framework that is appropriate to us; hold us to account but hold us to account with relevant measures. We're a rural area and our economy is different. We want to focus on developing that economy in a sustainable and inclusive way. That means traditional economic measures like GVA and GDP are perhaps not the right measures. We shall be at the forefront of the work to develop measures that more accurately reflect what we believe is success.

I look forward to today's discussions and the outcomes that flow from them, and to building on them in the weeks, months and years ahead. Thank you, Deputy First Minister.

John Swinney: Thanks very much Elaine, Shona and lastly Russel. That's been a really helpful introduction to the first paper that we have, which looks at the vision and ambitions for the Convention of the South of Scotland. I think those introductions draw out some of the challenges and the conundrums that we have to wrestle with here. If I just take one of them, which is Elaine's comment about the issue of delayed discharge in Dumfries and Galloway, where the issues are not about essentially, although money will always be a challenge, not necessarily about the availability of money, but the availability of people.

It's a perfect illustration of what the convention has to try to make progress in achieving, of essentially - and I think the reason why health boards are invited around this table is that they are key players in the economy and the delivery of public services in the south of Scotland and our colleges are critical players in how we might resolve some of those issues. It just highlights that just that one illustration, the interconnectedness of the challenge we face.

So, whilst there may be issues that get discussed around the table here which might not appear directly, immediately relevant to the compartmentalised responsibility of individual bodies, the purpose of the Convention is to make the connections and to identify how we can best resolve some of those issues.

Now, to look at the - there are essentially, listening to the comments of our colleagues, three elements that leaped out at me. One was population and skills, the fact that there's essentially an older profile to the population, a necessity to attract a younger population to the area and to make sure that the skills were there because that would have an impact on the availability of personnel for both the private and the public organisations.

Secondly, there is the prospect of economic opportunity. Just looking at the annex to the paper on some of the decisions that have been taken by the South of Scotland Economic Partnership, there's a really interesting set of ideas that have been broached there, which can trigger economic opportunity in a way that might not have been the case in the past or some of these things may have developed but the

increased focus on the south of Scotland has allowed us to consider some of these questions, and that's before we get onto some of the opportunities from the Borderlands deal.

Then thirdly, there's the question of connectivity, digital and physical, because it all of these areas, connectivity is absolutely critical to the delivery of the interests of public and private sector organisations.

I think what the paper helpfully does is set out some of the challenges and the issues that we might wrestle with, and gives us a bit of an insight into some of the ways in which we might take forward some of those points.

So, I throw open to some colleagues for some initial reflections. What I'm keen to make sure is that we have an open discussion to begin our proceedings today, where we look at the paper, we air issues about the vision and ambition for the Convention. Do we think it's right? Do we think it's in the right place? Do we think the emphasis is in the right areas? Are there areas where we need to look more closely? Is the agenda that is suggested for the Convention, which sits at pages five and six, does that reflect some of the priorities that we might want to look at. I'm keen to make sure that out of this conversation, we identify what might a future work program for the Convention look like and what might we take forward to address some of those questions.

That's the ground we want to cover in our first discussion and very open to thoughts and contributions from colleagues around the table. Who is going to open it all up? Tony, are you going to open things up? Thank you.

Tony Jakimciw: I mean skills is a huge issue for the south and I don't intend to rehearse all of the issues that have been raised in the paper. But there are some huge opportunities in terms of working together. So, SoSEP has funded the South of Scotland Learning and Skills Network, which will reach into all of our local secondary schools. There's a huge problem in schools themselves. They don't have the critical mass to deliver the Highers that pupils are wanting; the numbers aren't sufficient. But if we change the way that we do things, if we get it right by working together, through things like common timetabling, that can be delivered where a school could have a skill to teach a subject through the network, could be delivered to all the schools across the south of Scotland. What it needs is working together with a common timetable.

That keeps the pupils in the school. It fulfils our ambitions, but it does, Deputy First Minister, take a radical change in the way that we do our things and it will upset our processes in the schools and in the colleges. But I think those are the kinds of brave steps that we have to take.

John Swinney: Thanks Tony. Other thoughts? Nick, yes.

Nick Morris: The NHS did some profiling recently on demography and I know we'll talk about that later today. But we made some predictions that by 2030, every child born in Dumfries and Galloway would have to work for the NHS in order for the

NHS to continue to survive as it is today. Now, clearly that's not possible. So, I think the big challenge that we face is - well, a number of challenges, but one of them that comes to mind is the issue about flexibility. It's not just about bringing more people into the area although that is desirable and something we should aim for. It's something about how do we do the jobs differently? So hence the conversations about digital and various other things.

But there's also a challenge I think for all of us about how we create career structures which encourage flexibility of appointment, flexibility of job role and that some people get supported through their careers to adopt different roles throughout their career because that will be required. We can't have single jobs that people think they'll be doing for the rest of their lives because that just isn't possible.

I think the challenge for all of us is how do we develop education skills training etc, but also an expectation in the population from school days upwards, that they are going to be required to be flexible in their aspirations as long as they get the support from the organisations they end up being employed by.

John Swinney: Frank or Damien, do you want to add anything to that from the SDS perspective? I might bring Joanna just from the detail of the college work. Because I think there are a couple of interesting points emerging there about, well, is there an offering? It's actually a very good example. Is there enough flexibility in the way the Funding Council operates with our colleges, which enable an approach to be taken in the south of Scotland that would meet the test that you've just applied, Nick? Or are we required in the Funding Council to operate in such a fashion that we perhaps don't have that flexibility. Damien, then maybe Karen, if you want to just add a few observations from...

Damien Yeates: Yeah, I think we benefit enormously from the Convention of Highlands and Islands, and what we see taking place there. It's not exactly the same, but I think central to everything that we do will be a strategy around people in all aspects of ensuring that they are integrated into the economic and social growth for the region.

The notion of people having careers is going to be hugely challenging. The foresight work that we're doing on the impact of AI and machine learning on traditional job roles is hugely disruptive. The need for people to upskill and reskill rapidly in a way that's much, much more dynamic than we've seen before is going to be critical to the unique ambitions of this region.

Equally, the way in which people connect and engage in that economic growth, I think is going to be really, really important. Deputy First Minister, you've led an incredibly ambitious programme around the learner journey. We have to take that into this region, make the learner journey frictionless, connect young people to the world of work and connect them to the type of economic activities that this region believes are going to drive the region.

But in similarities to the Convention of Highlands and Islands, with an ageing workforce, you get a double whammy. You get a huge dependency on health and social care by way of supporting that ageing workforce, but equally then the out-migration of young people often means you don't have enough of the right talent locally.

So, somehow or another, we need to get an economic ambition that creates such a compelling narrative that we attract more young working age families in, that we retain more of our young people in the region and we build the momentum up. But I think as Tony and others have already signalled, what has served us well in the past won't serve us well in the future. We need to break through a lot of the fixed positions that we may or may of thought we have in terms of how we connect people to the world of work, how we upskill them.

But I think it's got to be a social compact, Deputy First Minister, between industry, between the population of the region and institutions and agencies like ourselves. We have all got to put skin in the game and come out with much, much more radical approaches to generating the return that we need.

But I'm absolutely clear in all of the work that we have done across Scotland, there will be a war on talent. Every region, every sector is going to be fighting for people, and the backdrop of Brexit doesn't help us one iota. Somehow or other, we need to get that into the back of our heads that for the next industrial revolution that we're heading into, people and the ability to attract, retain, skill and upskill people is going to be fundamental component of success.

I think terrifically, we have a point of focus, we have a point of emphasis, we have all of the people around here who are prepared to leverage into that. I think that's a real ambition that we should wrap around.

John Swinney: Joanna, I'll come to you and then Karen.

Joanna Campbell: I think in terms of the point that was made about the learner journey, one of the things we need to address is the availability of subjects in that learner journey. So, for example, if you look at STEM subjects, unfortunately young people need to leave this region to study those subjects elsewhere, up to a certain level. So, through the Learning and Skills Network that Tony mentioned earlier on, there is an opportunity to not just link across the south of Scotland, but to link in with partners elsewhere as well. The other thing is we talk about future skills in the paper, but we actually need to prepare people not just for the economic sectors that exist here and now, but also for where the growth is going to come from, jobs that we don't know exist but will exist in the future.

So, we need to be mindful of that as well. But I think we've been able to demonstrate there is a degree of partnership working and flexibility that exists in the south of Scotland and building on that is really the key to how we address the skills issue going forward.

John Swinney: Karen?

Karen Watt: Thanks very much. I think what we have here is a fantastic opportunity to test whether the way we do things currently is the right kind of way in different situations. So, we're working very closely with Skills Development Scotland about what is the right kind of match between what might be needed now, what might be needed in the future and how do we actually deliver it? So, I think you will challenge us around targets, around funding models and all of that. That is actually quite right. That is the right sort of challenge to bring to us.

I feel really positive about the conversations that we're having because we're talking about different digital models, we're talking about hub and spoke models, we're talking about how do we actually bring a different way of incentivising a journey for learners, not just in the post-16 but through their working lives. How do we get higher education, higher professional and technical skills into the area? Not simply by engaging universities although they have been hugely positive in steps forward in that way. But how do we actually incentivise and create different ways of engaging in ways that matter to learners and to employers and to the colleges and institutions that are currently here.

I'm hugely positive about the opportunity to do things in a different way so that we're actually engaging in what you need here and that we respond to the diverse set of needs that you've got. So the early conversations with colleges and partners are extremely positive, but it will challenge the current way that we do things undoubtedly.

John Swinney: That conversation I think illustrates some of the opportunity that we've got in this discussion to identify that we have - that we are able to take decisions in a fashion that will create the best conditions to address the issues that faced in the Scottish Borders and Dumfries and Galloway. So, we have to be open to addressing and we need to think through this in the future work programme of the Convention, what are the key issues? If the availability of appropriate skills is up there are one of the key issues and given the demographic pressures that Nick talked about and all the rest of it, are there particular approaches that we need to take that would be different to what we would normally do to try to address those issues? We have to open that conversation around the table. Russel and then - I'll take Russel and then Rob and Frank.

Russel Griggs: Deputy First Minister, I think the comment that Joanna made is key to this, keeping our young people here and we don't want to build a brick wall around the south of Scotland. We have to allow young people to do what they want to do to expand their own lives. But what we need to do is give them more local choices. So, one of the reasons we spent the money with the college is to make sure that our young people could study different things in different places and in different ways. They can then make their choices if they're trained down here about what they do thereafter. But we know from all the work we've done in speaking to them, that if you train somebody here, they have a choice to remain here at the end of it, as long

as there's employment. If they have to go somewhere else to be trained, then that gives them a different choice to make. They may not come back again.

I think the point that Joanna made is a lot of the work that we will do is to give the population to learn what they need to do in the south of Scotland, and then make their own choice of what they do with that. Because if we don't do that, we are forever leaking people, if I can put it that way, just on a training issue, which might then take them somewhere else.

So, I think over the years, you'll see in a strange way, what we do will be about providing those opportunities for more people to learn and hopefully that will also attract people maybe to come in, and it's only, what, three years ago that if you wanted to cut down a tree, and we have a lot of them in the south of Scotland, you couldn't learn to do that in the south of Scotland. It's only in the last three years that you can do that. I think we need to make more of those and the work that Joanna and both colleges have done, Angela at Borders has done a lot, but that has to be at the heart of what we understand is what are the needs we need in the south of Scotland and how do we provide the infrastructure, the skills and other transport infrastructure which will come on to do that, to allow that to happen?

John Swinney: Thanks Russel. Rob?

Rob Davidson: Thank you very much. I wanted to look at the areas for the convention to consider in the future, specifically the third bullet point on page 5 and also the final bullet point on page 6, which I suppose for shorthand would be investment and statistics, and particularly looking ahead to whatever happens with the UK Shared Prosperity Fund, which I think is as yet unknown, and it was in particular, the importance of ensuring the maximum possible resource flows from that fund to our region, which will also then be an increase on the amount of resource that will flow to Scotland as a whole. Both are important. In particular, the importance of the 2018 redrawn NTS2 boundaries, because those previous boundaries to the 2018 ones did very much mask the particular issues of the south of Scotland which you referred to in the final bullet point in item 6.

Clearly, there's a current Scottish Government consultation on that, so I guess things will not want to be prejudged ahead of that, but it does strike me that the importance of using those boundaries potentially in order to make the case for ensuring the maximum resource flows into this both southern Scotland NTS2 region, Dumfries and Galloway, Scottish Borders, but also Scotland would seem to be a sensible thing for us to be looking ahead and taking a view on potentially as a convention. So, I wanted to suggest that as something of an augmentation to the bullet points that are set out there and a practical thing that we could be considering in the medium term or the short term, indeed.

John Swinney: It's an interesting point in relation to the Shared Prosperity Fund where you're right, we lack detail. I might come to you for some more detail on that. You'd be closer to this than I am. But it does raise the question, as that detail

becomes clearer, is there a specific South of Scotland Convention approach that we can take which will best meet the needs of the localities. So, we could certainly consider that in due course. Okay, Frank Mitchell.

Frank Mitchell: Thank you. I was just reflecting on what I was hearing in the conversation. It took me back to last year when we jointly with the predecessor to the South of Scotland Enterprise Agency, launched a regional skills plan for south of Scotland. We were in a local firm, Borders Safeguard, and I was astounded. They had apprentices but one week every month, the apprentices had to go to Glasgow to get trained, to get training. I thought this is bizarre. Bizarre, that these people have to travel and have a week out of their work and a week away from their families to get some college training.

So, I think there's an issue here particularly for rural communities, and my day job, I'm a reasonably big employer down here as well, where connectivity is really key to actually take the training to people, rather than to the buildings and break through some of these traditions that go on in this area as far as people having to leave to get trained.

So, I'd like to think we're going to have connectivity. There's a huge agenda here in making sure we're really trying to radically change the model and take training to people rather than people to training. I can't help think that in today's world it's just an antiquated approach to people doing apprenticeships. Thank you.

John Swinney: Thanks Frank. Mike?

Mike Cantlay: Morning. Right, can I maybe just start by saying what a pleasure to be here, it really is, and congratulations to the two local authorities and perhaps particularly Russel and if I may, particularly Mary, and many others around the room for bringing the Convention and the partnership together. It's tremendous. Two comments. One firstly from on the Scottish Funding Council's side, we're here to talk but we're here to do as well and just to highlight there is action that links to the activity. We have Ministers, not single, plural, including yourself, Deputy First Minister, back in D&G and the Borders next week launching the Digital Hub Network, which is a great sign I believe and I hope of things to come in terms of further investment support to the south.

One thing, I feel it's very much a point in time for a whole variety of different reasons, but if I move onto my Scottish Natural Heritage hat, there was a report which I think is very timely which was published by IUCN just before Christmas that highlighted, in their view, with their research, that by 2030, every country in their view should find that 30% of their climate mitigation activity should be nature based. If you think of the magnitude of that and that's forestry, that's agri-environment, that's soils and peatland and blue carbon and a whole range of other things. That's an enormous challenge and an enormous opportunity for this part of the world which has nature, big time. So, it is a point in time and look forward to the journey.

John Swinney: Thanks Mike. Any other comments? We've talked quite a bit about the skills elements of the paper. In terms of the issues on economic opportunity and economic approach - Elaine, did you want to come in there?

Elaine Murray: I guess it's what's on the back of what Nick was saying in terms of the indigenous population. It won't be enough just to keep young people here, that we actually will need to attract people from elsewhere in Scotland, elsewhere in the UK and elsewhere in the world. As somebody said, Brexit doesn't exactly help us with that, but we're still going to have to try and overcome that. I think there's something also about the way in which we sell the south of Scotland, because a lot of people will never have even have thought of coming here.

So, whether it's a GP, whether it's a care worker, the idea of coming to the South of Scotland for employment, has probably never crossed their mind and it's somehow about how the perception of the area as being the area of opportunity and aspiration is quite important and how we get it out there much more widely than even within our own area.

John Swinney: Shona?

Shona Haslam: Another thing that's been a concern that's been expressed to me from neighbouring areas, and it picks up on Russel's point again is that we don't want to build a wall around the south of Scotland. We want it to be slightly porous in terms of a ripple effect of the South of Scotland Enterprise Agency. I think it would be - perhaps have been included in the vision a piece around the fact that we want to work with our neighbouring areas and we recognise the - improving transport in the south of Scotland isn't enough unless we link up with improvement changes in Ayrshire and Glasgow and Midlothian because otherwise our roads wouldn't actually go anywhere.

We need to make sure that we're having that ripple effect, that we have a porous border around the South of Scotland Enterprise Agency and we're very cognizant of things that are happening in neighbouring areas to ensure that we're linking in with them and having those discussions.

John Swinney: Russel and then Gavin.

Russel Griggs: I was just going to say while we start today, I have to say that ambition is growing and doing well in the south of Scotland. I think Gavin and Elaine and I have been very focused on this, which has been what's been going on in the Midsteeples Quarter in the middle of Dumfries which is a new way to town centre development, which if it works and we think it can, and I'll allow Gavin to make a comment in a minute on it, we think - so, this is about bringing people back to live in the centre of rural communities. It's not about retail, it's not about retail. The plan for the Midsteeples will be to convert nine buildings into places that can generate 66 houses, but probably about 20 or 30 retail, different types of retail space.

If that works, what both of us want is to see in terms of ambition is some of the things we do in the south of Scotland now being done elsewhere. So, we do see ourselves

as a home of innovation in new things. But the Midsteeple Quarter, and Gavin has been – in the blueprint which was published last week shows a 10-year plan of £25 million worth of expenditure over that 10 years, a real rejuvenation to the centre of Dumfries, which we can then look if that works, expand that to communities all across the south of Scotland.

Gavin Stevenson: I think it's a real example of where - how do you break through the just put cars back in the town centre, just give them rates relief for all of a sudden magically the town centres. It's a creation of purpose, and it's a purpose that the community came with themselves. Surprise surprise, if you put people back in the town centre, they'll shop in the town centre. They'll make the town centre vibrant. Dumfries is dead after six o'clock, and so therefore if you want to create it, you have to put people back in. This is absolutely, a very much community-led partnership, which the council does, but the council is really good at, which is supports and co-ordinators. It stands back to let the community take it forward.

£250 million, I think it could be more, because if we can prove that we can put 200-300 people back in the town centre, a mix of old through to young, then why is the whole town not reflecting that with slight different orientation. Will it be work? I've been 10 years in the job and never been so confident that a project is the right thing to do, led by the right people. I think that that confidence is there.

If I may, I think the other thing we've not talked about here sufficiently, is the private sector. We can all get our deckchairs lined up, but it might not make the difference. I think what we've lacked in the south of Scotland, and I'm sure my colleagues will agree, is a coherent voice in the private sector. It's been very difficult small and medium business and even some more powerful sectors have actually argued against each other in the past, mainly because grants have driven them that way, a competitive process.

I think there's something that the real strength I think of this Convention is the Regional Economic Partnership lies below it, and then what we put together using the good learning we've had from the partnership, how do we get the private sector to be coherent to have a voice, to lead the strategy and keep us honest. I think that what we've found through the economic partnership is the private sector representatives, they have kept the other partners really honest and on message by bringing us back to the real focus.

One example I'd want to give of the challenge we really need to sort in the south is around funding and particularly banks. We're not well served by banks. Most of the applications that come before the partnership, there's been a problem with being able to borrow. Because of the nature of our structure and our business, we're different, not broken, and the banks view us different. In fact, try finding a local banker now, the one in Dumfries, I think it's Edinburgh you now have to go to, to have a Royal Bank discussion, for a bank.

Certainly, for me, one of the key things we need to get out, how do we support a small business to be able to borrow. A successful economy is judged on the private sector being able to borrow and the confidence within that.

So, I think there's a real - one of the first is to get that coherent voice of the private sector of what simple things we can do. We've learned a few things through SoSEP. I think there's far more that can be done about supporting our business aspiration to grow. If the first hurdle they reach is when they go to borrow, the answer is no, and down here, 90% of the time, the answer will be no, when we in SoSEP know from our work there are strong business models in there that can't get over the first hurdle.

John Swinney: Yes, Elizabeth.

Elizabeth Passey: I haven't spent a huge part of my life in the south of Scotland, so I took the opportunity yesterday to travel down the A71 from Edinburgh across to Ayr, wiggled my way round the south, down the coast and then back up again thinking how much money can I spend on my way? Because this is obviously part of the point of what we're here for, is my understanding. I was very struck by one thing which I feel could be covered perhaps more in the papers, which is the question of not what's the matter with the area, but what matters to the people who are here? What really matters to them, which is a thing - I'm a board member of the National Lottery Community Fund - really brings the best out of people.

Having driven round all of these places, apologies my impact on the environment might not have been brilliant, but I felt it was worth it for this, I found myself - almost the last place I got to which was New Galloway, at about four o'clock in the afternoon, it was the one place at the Cat Strand project, there were people around, they were doing things and I felt like I could go in and join them. There was a lot of activity.

I was really struck that that was a people-led project with their own initiatives and that's what really works, I feel, to help regenerate areas. I just wondered whether we speak in these papers of the ageing population and the youth population, whether their voice could be here in the convention a little more than I see it around the room at the moment. Because I think that people-led work here will really help revolutionise this perhaps more than anything else than we can do.

I would also just reinforce Mike's point about the huge assets in the region of the natural environment, and you've clearly got COP26 coming up here in Glasgow, some fantastic opportunities to showcase that and try and weave the dialogue through this Convention there as well. I have a few other points, but that's what I'd say for now.

John Swinney: Thanks very much, Elizabeth. A critical observation there that it is vital that we - and this is actually what attracts my attention to the annexe of projects that SoSEP have approved so far. It looks pretty granular.

Russel Griggs: It does in the fact that we've already given, we've allowed Cat Strand to expand.

John Swinney: Making sure that you're able to - that voice of community has a means of advancing is critical in all this.

Russel Griggs: If I may, Deputy First Minister, just taking CatStrand, the reason we gave them money, they came to us and said we're not good at this anymore, we got too big, we need somebody new to manage it, can you help us find that new person to manage it? Because they've gone and bought The Smithy up the road, so they're doing other stuff. So, we've put some money into it and we're helping them to find a new Chief Executive.

So, that's a great community that realises when it's got to a point now where it needs, like any business, to grow and bring in somebody new. That's where the heart of our work has been for us, and in all honesty Deputy First Minister, I suspect will be in the future will be satisfying the needs of individual communities which are different across the south.

John Swinney: Right, okay, any other areas of the vision and ambition document that we've not covered, or any other points that people want to raise about this? Joanna, yeah.

Joanna Campbell: I just actually want to pick up a point that Elizabeth mentioned there about the document and it cites our contribution to a low carbon economy. Actually, one of the things that I've been very aware of over the last few months is the huge amount of innovation that exists within the south of Scotland in addressing the climate emergency imperative, and actually I think we could probably be more ambitious in what it is that we're trying to do here. I've reached out to colleagues in SDS to look at developing a climate emergency skills strategy for Dumfries and Galloway region to tie in with the work that local authority is doing. But I'm conscious of the fact that that's just a group of like-minded individuals that are trying to approach this, albeit in a well-meaning way, but actually we could probably do something more sizeable.

So, it was just a passing comment that I think we could probably be slightly more ambitious in what we're trying to do in that regard.

John Swinney: I think part of our - the early stages of this conversation, although we are obviously building on a lot of good work that's been undertaken by - in previous channels of discussion. But I'm keen that we develop is a really clear agenda of interventions that we can take, that we can turn into practical effect and that result in much better outcomes for people in the south of Scotland. So, we need to capture some of these different sentiments and formulate them into some specific proposals. Right, Fergus and then I'll come to Simon.

Fergus Ewing: Thank you, John. As many of you will know, I have been around the block a bit, as it were, on that journey. I've been with some of you here. Just thinking back to when the HIDB was set up, it was set up because those of you who remember, Willie Ross said the Highlander was the man on the conscience of Scotland. That's why it was set up.

I just mention that because there is a parallel. The SoSE has been set up because I think we feel we've worked hard but we haven't quite cracked it for the south of Scotland. We haven't reached out to the people as Elizabeth was saying, as effectively as we perhaps might. So, there are high expectations on us.

I just wanted to say, to echo what Mike said, thanks to everybody who has been involved in getting to this stage, in particular the partnership which, as John has said, has really gone granular. It's gone out to the people. The number of public meetings Russel has done with Karen and others has been quite beyond the call of duty. It has been a mission. The groundwork has really, I think, laid the foundation for great partnership working between the Scottish Government, the two local authorities and also all the other public bodies here.

I just wanted to say, the purpose of this body is that we work together as best we can. The Highland comparison I think augurs well, because the Convention of the Highlands and Islands does allow us to do that very well, and it's resulted in positive progress.

I just wanted to start off by saying I think this is a very exciting time and the fact that we're meeting before actually then body gets statutory powers shows that we're all really up for it.

I just wanted to make just two points, John, if I may. One is that there's great things that are being done in the south of Scotland across the whole spectrum of the economy and I think we need to be proactive in reaching out to all the main growth engines in particular, some of the estates, the big businesses, the account managed companies.

We also need to build up trust with the traditional areas of the economy. Farming and forestry traditionally have been kind of outliers. They haven't really been involved in Scottish Enterprise or HIE. They've been outliers. Well, some of them have the potential to be businesses first rather than foresters or farmers. That work will be done by us all effectively.

The last point I want to make is to echo something that Mike made, and Elizabeth said that the challenge from climate change is a challenge, but it's a tremendous opportunity for rural Scotland, including this part of Scotland. It was a Telegraph - I'm the chap in the SNP that reads the Daily Telegraph - maybe I shouldn't say that, but you've got to be aware of what the enemy is thinking. But seriously, the point is this, climate change is an economic gift from Mars for rural Scotland, because the solutions, we are the monopoly provider of solutions. We in the Highlands and Islands, we've got the landmass. That's why we need to meet the target five years earlier. Chris Stark said so. That means, as Mike said, the nature solutions, the green farming, which we're having a plan for that quite soon. Forestry, 22 million trees planted last year, 84% of those in the UK, but we can do a lot more. Peatlands, well we haven't got peatlands. Highlands have kind of got the market cornered on peat.

But also renewables, and there are some terrific schemes, pump storage schemes for example that would be terrific additions, green additions to the grid and can be done here.

So, I think we need to be proactive to reach out to people, to businesses, particularly in the early days, the first six months. We have to show people in this part of the country that we continue to care and we're going to work, and it's going to work, and it's going to be very exciting. As Shona said, we are at the beginning of an adventure.

John Swinney: Thanks. Simon.

Simon Hodgson: Just adding more emphasis for the forestry side. Forestry in south of Scotland is a big success. It's grown up over the last 50 to 100 years and now there's a complex eco-system of businesses, of processes, of contractors, of growers, and those are all opportunities, which both in the public and private sector side, we can expand over the next few years. It builds in long-term jobs. It reinforces the long-term value of an ecosystem of a whole supply chain, and I think that's a very important characteristic about not only forestry but our thinking in the new world of SoSEP and the Convention.

John Swinney: Thanks, Simon. Robert?

Robert Smith: Just as someone who lives in the Borders and just to come down to do graduations with UWS down here at Crichton campus just up the road here. I wish you great success, Russel, in what you're trying to do.

I went in this morning for about an hour to see some of the people who work for Scottish Enterprise and I think five of them are coming across to you for full-time jobs. The theme that was coming across there was there seems to be a tremendous mismatch between the requirements of companies and what, if you like, schools in particular, but also higher educational establishments are training people to do. There doesn't seem to be a lot of communication between the two of them. That's what the people, the real people were telling me today. So, I think it's something really we need to address. The other thing that came up was obviously climate change that what can we down here do. I'm interested in the pump storage and things, but it will be interesting to see what we can do in the Borders here.

John Swinney: Karen?

Karen Hamilton: Thank you Deputy First Minister. I've just been listening to the conversation and I just wanted to make the point that how welcome we feel for NHS representatives to be at the table. I've been Chair of my board for eight months now and this is the most diverse group that I've been involved with so far in my position as Chair of Borders. I think Nick and myself both had some conversations about developing our own areas in terms of community planning partnerships and so on, which we have yet to do, and I think that is an area that we can bring to the table from our local area.

The other point I wanted to make is that we've discussed and talked about learning opportunities for young people through education and so on, but I think as an organisation we mustn't perhaps lose sight of the desire and need to retain staff within our organisations as well, particularly within health. A lot of staff tend to leave in their early fifties and so on. So, it will be very much more helpful if people had more opportunities to be more flexible in the way they worked, had more opportunity for training and so on, so that we retain our older working population.

The final point I wanted to make is that we must all remember that an ageing population isn't necessarily a sicker population. They can be very healthy with our public health efforts and so on we put into it. We have to remember that sometimes I think there's a perception that if you get older, then you need more care, and that's not necessarily the case and I would hope it would decrease in time. Thank you.

John Swinney: Thanks for that, Karen. I think your observation just reminds me of a danger - and I found myself walking into it, where I only talk about skills and education about young people, and I have to correct myself on a regular basis, because we have to get into - and this is one of the challenges that I'm discussing with the Funding Council and with - we've discussed about this with the College of Scotland just the other week there, as to whether or not we are as attuned as we need to be to giving a message to people which says look, there's plenty of careers you can have; don't just think you've got to have the one. You can come back and do another one and you might get to your fifties and there are other things that you can do. Have we the skills and training infrastructure in place to do that?

Now, when of course you get to people in, let's say, their fifties and they're living in the Scottish Borders or Dumfries and Galloway, they are likely to have commitments, obligations. They can't just go off to a college in the central belt or to Glasgow or Edinburgh University and do another degree because life is here. So, you come back to the point about how do we bring credible educational opportunities to a population that's pretty well dispersed?

We introduced a STEM teacher's bursary because we were struggling to get STEM teachers, and I was a bit sceptical about whether this would actually work. It was aimed at people who were in established careers, £20,000 STEM bursary, which enabled them to give up their career, but crucially, get their education in their locality, get their teacher training in the locality and then proceed to work in that locality.

We've been oversubscribed in each of the years that we've run these bursary programmes, because what it's done is it's essentially reached a cohort of population who are living in parts of Scotland where they've got their life, they can't up sticks and go somewhere else to get training, but they want to come into teaching, and we've ended up with over 200 teachers in hard to fill areas in the country that we wouldn't have had, had we not put in place a bridge that enabled people to walk over it.

So, it's interesting how - I think we've got to be - and I fully admit I was a bit sceptical whether this would work or not, but the evidence has demonstrated that there are people out there, when they receive the right message, and can see the opportunity practically being prepared for them, that we can - that they can make that journey. I think it's a timely reminder that we have to have that ethos in our education system and not just be thinking about how we're educating the under-25s. Huge issue.

John Swinney: Okay, right, any other - Frank, yes.

Frank Mitchell: Deputy First Minister, just one thought I had and it was echoing earlier on. But I wonder whether the opportunity that net zero brings to communities and economies should be really gathered here and what that means from the point of view of the jobs, the future, getting that document that pulls that together. Maybe, a little known fact, and putting my day job hat on, Dumfries - sorry I don't have the stats for the Borders, but Dumfries and Galloway is actually a net exporter of renewable energy. So, it's well-placed to start to use that energy locally to reduce emissions, the growth of electric vehicles, zero emissions vehicles are another, I know we've invested in the Borders with putting some electric minibuses down to help some of the communities down there.

But there's a real opportunity because of how they're positioned to use that abundant energy locally to start to drive a net zero plan and create opportunity and jobs from it, and I just wonder whether we need to get a focus on that within this group and something, bringing that together.

John Swinney: Okay, right. There's a number of issues which have cropped up there. The paper is a really helpful distillation of some of the ideas that we might take forward, but I think we need to - it's a broad scope. We need to begin to focus that a little bit more.

I think I've got a number of areas where I think we need to focus our thinking. We identified the need to enhance the skills and education opportunities and their accessibility to the local population. So, we need to establish whether our mechanisms and our approaches are doing as much as possible and we're doing - we've got - there's a great platform that the South of Scotland Skills and Learning Network will produce for us. But there may be more that we need to do to build on that. So, that's number one.

Secondly, I think that the general sense of the conversation is climate change and net zero opportunities are undersold in here and we perhaps need to intensify that in how we go about that.

Thirdly, we perhaps need to look at how we tackle the issues the Elaine raised about perceptions of the area and about what are the possibilities and opportunities in the area, which we could perhaps reflect on.

Then fourthly, and again, the work that SoSEP has done will help us in this respect, the hearing of the voice of community is crucial. I think there's also probably a message for all of us here whether it's economic agency, local authority or health

boards about how engaging communities might enable us to overcome some of the wicked difficulties that we're all wrestling with in making our public services more sustainable.

Then finally, the voice of the private economy. There were quite a number of comments about the fact that that's maybe not quite as visible, that maybe more visible. Russel?

Russel Griggs: They've been part of the population and separate, if I can put it that way, Deputy First Minister. But the voice is all the same. I think the good economy work highlights that more – there's what - 160 private businesses in the south and they all came up with the same issues that the population were talking about. So, there's no main disparity between the two. But you're right, the businesses in the end, whether they're communities or others will be key to what we do. So, we have to keep listening to them.

John Swinney: That's some of my observations on the topics and areas that we might look at in due course. I think what's probably leaping out to me as the major topics that we should look at in our next convention, arising out of that discussion, are probably around the enhancement of the skills and education opportunities and the climate action.

What we'll have to do, and somebody - I'll just give my officials warning of this, somebody will have to tell me what our mechanisms are for taking forward these issues at the end. But someone can tell me that over one of our breaks during today. Because I'm very keen that the Convention is not the property of the government, it's the property of everyone around this table. So, we've got to make sure there's an inclusive approach taken to the formulation of the priorities of the Convention.

Okay, right, that's been a very helpful start to our conversations, thank you very much. We'll draw these points together later on. We'll now move on to the second item this morning which is around transport and regional collaboration. Michael, you're going to take us through this.

Michael Matheson: Thank you, John. Good morning everyone. I was struck by the conversation that we've had on agenda item 1 that so many of the issues that have been highlighted are largely dependent upon good connectivity and also about making sure we have the right type of infrastructure in place in order to meet some of these challenges and also to develop and take the opportunities that arise from some of the measures that can be introduced.

So, for example, I was struck by the point around social care and the challenge you can have in terms of trying to recruit people into social care and into aspects of health care. But, of course, digital technology has an important part to play in helping to tackle and meet some of these challenges going forward, but having the right type of digital infrastructure in place is critical to be able to take forward some of these opportunities as they arise, alongside for example the training aspect, the need for individuals to train.

I was speaking to a head teacher recently who was saying to me in my constituency that he now expects that pupils who are with him today will probably have at least four different types of careers during the course of their working life. Therefore, the need for having flexible working, how our further and higher education institutions operate in training people and also training partners, but again critical to helping to support that will be things such as the digital infrastructure which we have in place to help to support people in making some of these challenges.

Also, this year, around population, the challenges around depopulation. If you look at the population spread across Scotland and if you look at areas that are experiencing depopulation, there is a number of common themes which emerge. These are areas that tend to have poor connectivity, digital and physical infrastructure in helping to support those communities. So, again, issues relating to infrastructure and transport and digital connectivity are going to be critical in meeting some of the challenges which have been highlighted.

On the point that was raised on the latter part of the discussion around opportunities around the net zero economy, the low carbon economy, two absolutely critical areas that will have to be of high importance if we are to meet our net zero target by 2045, two key areas; one is decarbonising our energy system and also decarbonising our transport system and changing people's transport behaviours.

There are tremendous opportunities that come from that in itself. As a net exporter of renewable energy, the potential for looking at the use of district heating systems within the community, within the area, in partnership across local authorities, third sector, private sector organisations, are tremendous. They're about to bring forward a piece of legislation to help to support the provision of district heating. But the employment opportunities, the skills opportunities are going to be very considerable, and I think there are real opportunities for Dumfries and Galloway and for Borders Council areas in the south of Scotland as a whole to capitalise on these as they progress.

Before I bring in Heather Cowan who is going to go through this paper and provide a presentation on the transport aspects, this comes along at an important time. Later this week I'll be publishing the Scottish Government's National Transport Strategy which will set out our vision for transport provision for the next, quite literally, 30 years. It will set out a hierarchy of priorities that will inform our decision-making around transport-specific projects which will have a direct impact on the south of Scotland, because it has been formed by our net zero objective of net zero by 2045, which means that we have to look at doing things in a different way and we have to look at how we may have to change our priorities in order to meet these objectives.

Heather will go through a presentation which will set out some of the challenges and opportunities at a national, regional and also at a local level. But it comes along at a good time as well because we've just had the publication of the Southwest Scotland Transport Study, which was published last week. We already had the Borders Transport Corridor Report, which has been issued, all of which will be drawn now

into what is the STPR2 process, which is the Strategic Transport Project Review process. This is the second time this has been undertaken. The last time was over 10 years ago. On this occasion, we're taking a different approach where we are heavily regionalising the process of drawing up what the needs and issues are at a regional level to then filter that through into the national STPR2 process, which will be published by the spring of next year, which will, in effect, set out what the Scottish Government transport priorities will be in terms of investment for the next 20 years.

So, having this first - first main item on your agenda comes along at a very good time from my perspective and is very welcome. So, after Heather has undertaken and provided her presentation, there'll be an opportunity for us to have some discussion dialogue around some of the issues that she's highlighted and some of the broader issues that may arise from that. I'll hand you over to Heather now.

Heather Cowan: Thank you Cabinet Secretary and thank you for the opportunity to present today on the joint paper for transport and collaboration, so jointly prepared by Transport Scotland, but also our regional and local partners represented here today.

I'm Heather Cowan and my team has been responsible for the collaborative development of the National Transport Strategy. I'm here with my colleague Paul Junik whose team is responsible for the development of the Strategic Transport Project Review. I'm going to touch very briefly on a few areas and pick up some of the points that Cabinet Secretary has made, but to make sure I emphasise what's happening at a national, regional and local level with transport and how that relates to the south of Scotland.

So, as has been mentioned, later this week we're publishing the National Transport Strategy. This has been developed with a focus on engaging with communities across Scotland, in rural island and urban locations, including the voices of young people and older people, focusing on developing the evidence base and on collaboration with partners. So, the strategy has been informed by thematic working groups and also consultation that we did last year between July and October. What's on your screen just now is the updated vision informed by all of that process and the priorities for National Transport Strategy.

You'll see a lot of what we've talked about this morning and what I've heard this morning on the south of Scotland discussion represented in those priorities. It takes climate action, but also the role of tackling inequalities both rural inequalities as well as across socioeconomic groups. What it really underlines is the role of transport in supporting the nation's wellbeing and supporting the wider outcomes that we see.

The Strategy has that very low carbon context that we've discussed. The biggest emitting sector is transport, and so if we do need to see those targets of 90% by 2040 and 100 per cent net zero carbon by 2045, there's clearly a big role for transport and a big opportunity for transport in the low carbon economy to get that change.

The Strategy reaffirms its commitment to the modal hierarchy of walking, cycling, active travel, public and shared transport over less sustainable forms of transport. Of course, that's from a public health perspective as well as a transport perspective. Really, for passenger transport, that's favoured over the use of the private car. Of course, there's a movement of goods perspective for that as well.

The revised investment hierarchy has an additional layer and that really emphasises the aim of reducing the need to travel unsustainably and I think we've talked here about big change; I've heard you talking about big change. That's true of transport looking at how do we reduce unsustainable demand and big societal changes as well as technology change and to bring that shift? But the hierarchy also emphasises the importance of maintaining our existing assets and making best use of those existing assets through targeted investment. After we've considered all these perspectives, then in a transport context do we look at how new or enhance targeted enhancement to existing assets.

So, this is the lens taking with those national transport priorities through which we will consider future investment on transport. That will also play a role in informing the regional and local activity. There is relevance to both rural and urban areas as we have here in the south of Scotland. The Strategy does acknowledge that rural Scotland accounts for 98% of land mass of Scotland and only 17% of population. So, there is practical realities of car usage, but there is still an opportunity that we will need to take in the context of our climate change targets to look at shared transport and look at sustainable options.

The second Strategic Transport Project Review will set out a clear programme of potential transport investment opportunities over the next 20 years, and the slide here sets out the Strategic Transport Project Review process and there'll be close alignment with the National Planning Framework for development, NPF4 process.

The approach taken to identifying transport interventions starts importantly with the identification of problems and opportunities. It's an objective-led process. Then we set national level planning objectives and that's been done to date on the Strategic Transport Projects Review. The next step then is to identify the transport appraisals, and the role that we've taken to this is very much a national and a regional approach, and I'll come on to explain a bit more about that, and then to undertake robust transport appraisal.

This review will set out the transport interventions within the lifetime of this parliament, so 2021, replacing the first list of strategic transport interventions published in 2009.

On the right-hand side is the Scottish Borders and southwest Scotland, which have benefitted from advanced programmes of studies. So, as Cabinet Secretary mentioned there, we have already published the Borders Corridor Study and within that, it identified improving bus services to Edinburgh, Newcastle and Carlisle and hospitals serving the Borders area, enhanced park and ride facilities and an active

travel network across the Borders area, looking at options around targeted improvements to the A7 and A68, and proposals for extending the Borders railway. They're among the 21 options in the Borders Railway Study that will now be taken for further appraisal within the Strategic Transport Projects Review.

Similarly, the Southwest of Scotland Transport Study was published last week, as the Cabinet Secretary mentioned and it makes 23 recommendations, and that includes targeted improvements to both the A75 and A77 and new rail links and stations, and they will form part of consideration of the Strategic Transport Projects Review.

In discussion with Scottish Borders Council and Dumfries and Galloway, it's been agreed that those two separate areas will come together and have formed the South of Scotland Transport Working Group, which met last week.

This slide just picks up some of the wider influences and I think you've talked about others here today. Of course, there was mention at regional level of the development of the Regional Economic Strategy, the development of the National Planning Framework

[Interruption]

...and there's also work on local governance and on transport governance. So, all this work is ongoing over the coming months.

Following the publication of the National Transport Strategy, we expect partners to take forward their regional transport strategies and local transport strategies, and they'll need to reflect the national vision and priorities, but also the local commitments. So, we talked here about the City Regional Growth Deal and the transport aspects, local development plans and the needs of communities and businesses emerging from studies such as The Good Economy report.

Of course, there are much wider influences on transport. The post-EU exit, climate change context and global economy context. So, it's clear there are many influences on transport impacting on our choices for how we improve and attract and adapt transport across the region in the coming years.

This slide identifies some of the key challenges in transport across the two regions that emerge from both the southwest and Borders study, including access to available bus and rail options, integrations between modes of transport, road safety and resilience, active travel enhancements and responding to the specific needs of the timber industry and HGV movement of goods and their use of the network.

It's important to note that as mentioned earlier, the south of Scotland has the key transport corridors connecting Scotland to the rest of the UK including the ports at Cairnryan, the third busiest in the UK.

This slide is intentionally very similar to the last slide. It summarises the issues emerging from the local and regional aspects presented in the joint paper. So, those aspects from the good economy business-led inclusive job growth in the south of

Scotland and the summary analysis provided by Dumfries and Galloway and Borders, Scottish Borders, and the two regional transport partnerships.

What we can see is that through both the national and regional local work, there is consistency in the identification in the challenges and opportunities, and these are common across the south of Scotland area. We note in particular the challenges around public transport and active travel in the areas which are relatively rural in character. So generally, the dispersed nature of the population, i.e. the low demand, and the terrain make it very challenging to deliver an effective public transport and active travel network across the region.

In starting to summarise, it is clear from the ongoing strategic work on transport across the region, whether led from a national or from a more local perspective that there are areas of commonality. It is most likely that these areas represent the most appropriate focus of continued partnership working over the coming months and years, including through the convention. In serving our communities, we are duty-bound to make the most of what the evidence is telling us and the shared resources to deliver the best outcomes possible. We should look to develop work we have in hand through further partnership working and to continue the approach that uses evidence-based appraisal to identify outcome-focused investment and areas of collaborative delivery.

I hope that the presentation has given a reasonable overview and highlighted the key points with the transport and regional collaboration paper, although I've not touched on everything in too much detail to allow time for discussion. I hope it will stimulate the discussion on areas where partners can work together for the benefit of our communities and businesses across the south of Scotland. I will now hand back to the Cabinet Secretary to share the discussion. Thank you.

Michael Matheson: Thank you, Heather. Now, that's a bit of a whistle-stop tour through what has been a considerable body of work that has been undertaken over the course of an 18-month to two-year period. But it's an opportunity now to have some discussion around some of the issues that Heather has highlighted and to touch upon some of the wider issues that are associated with the transport connectivity agenda. So, who wants to get us started? Roy, do you want to say something?

Roy Brannen: Yeah, I'll say a few words just on the back of Heather's presentation there. I think first and foremost I'm encourage by the collaborative approach that we've adopted to this point with these two studies. I think under your stewardship, Mr Matheson, we're in a different space now from where we were previously with the NTS and STPR.

The future looks entirely different in terms of mobility, and I think in the south of Scotland, we have a real opportunity here. So, as well as all the challenges that are faced in these two reports, I think there are three areas for me that jump out that we

can really start to capitalise on, on the opportunities that the south have. That's around bus and rural, around asset and around climate change.

In bus in particular, we can solve the issues in the urban environment, but for the south of Scotland, there is a real particular challenge there. It still moves the largest amount of people across the whole of Scotland, but we haven't yet got a model that works and is sustainable in a rural network.

So, I think there's a real opportunity for us to lead on that and to come up with a different model. I know other parts of the world are using a kind of Uber type demand responsive, low carbon approach to that, different units. In developing that model, it's equally important to not lose sight of the opportunity for us to build those models here in Scotland. So, rather than us continuing to import these vehicles that we may need in the future, look to see what we can do now to build that manufacturing network roundabout it, whether it's buses or trains.

On asset, I think as you've seen from Infrastructure Commission, you've seen from the work of these two studies and what will be very front and foremost on STPR and the hierarchy, our asset is really important. So, the trunk road asset alone is worth £21 billion, it's Scottish Minister's single biggest asset, it generates £1.38 billion to the economy, and we don't have the skills in the sector to sustain that going forward. So, linking back into our skills network, there's a real opportunity there to try and grow our own. We're doing that on A9 Academy, we did it with Queensferry Crossing, and I think as we start to look for investment in the south, we should be doing the same to try and grow those skills in the construction and asset sector here too.

Then, the final point is around climate change. I have a big challenge, 37%, I am now the highest polluter across Scotland in terms of emissions and that's a big challenge to get down to 75 by 2030 and with the public sector fleet by 2025. Again, I think there's a massive opportunity for us here to look at, well, how do we do that? How do we make that mobility a different type of propulsion system and how does the south benefit from hydrogen development, from battery technology and from vehicle base.

So, we've got the world's first electric gritter running across in the South Queensferry corridor at the minute. We're importing that vehicle. There's a lot of gritters in Scotland, we're a northern hemisphere country and there's a real opportunity for us to build those platforms here. I think we should keep our eyes open to these opportunities as they come along.

Then, the last point from me is there is a really important corridor between us and Northern Ireland in terms of goods flow. It's amazing that Norfolk Norwich goods, it's still more economical to come up to Stranraer on the short crossing, because of the frequency, than it is to go any other UK crossings and we shouldn't lose sight of that.

That's not just for that traffic flowing through but to capitalise on what may or may not be the business opportunities that come about with that flow of traffic going between

ourselves and Northern Ireland. I'll pause there. No doubt there will be many more issues coming up.

Michael Matheson: Thanks Roy. Okay, who wants to pick up on any of the things that have been covered in the presentation and the comments that have been made by Roy?

Elaine Murray: Just a couple of things I suppose which arose partly from your own observations as well. I think in terms of digital infrastructure, there's also an issue about training to use it as well as possible, because you could have the best possible care but unless businesses - unless you - is going to be using that, knows how to use it to maximum effect, then it's not going to have the consequences that we desire. So, I think there's a training skills issue within that as well.

I think on the physical infrastructure, there's obviously a tension and we see it in the demands in the upgrading for some of the trunk roads in the south west, A75, A77, yet if we do that in a conventional way, that just exacerbates the problems of climate change. When we look at those opportunities, we've begun to look at them in terms of our possible relationship with Mid and East Antrim Council, that if we are to be upgrading that physical infrastructure, it needs to be an upgrading that is future-proofed and needs to be focused on the new forms of transport, whether they're electric vehicles or whether they're hydrogen vehicles and so on, rather than a concentration of how we used to do it.

So, it's actually how can you - if we are going to be upgrading our trunk roads, how are we doing that in order to facilitate more - the new forms of transport, and can we combine that with the digital infrastructure at the same time to actually make the maximum effect of any pieces of work that we're doing.

Michael Matheson: I think you raised a couple of very important points there, Elaine. I think the first issue around training aspect, I think it's trying to - and this forum has got a role to help, to play, in supporting that within the south of Scotland in making sure that we're all collectively working together, that if we put the right type of digital infrastructure in place that there is the right training in place to help people maximise use of that.

It may be interesting for you to know that digital infrastructure is already having a direct impact on people's travelling patterns. So, for example, travelling between Glasgow and Edinburgh is declining, particularly in the use of public transport through rail.

One of the major changes that seems to be coming through now is a change in work pattern. So, someone who may work for an organisation that has a base in Glasgow and in Edinburgh, they may be Edinburgh-based in terms of where they stay, but the office they may be based in may be in Glasgow. You get much more hot-desking, people working from home. We can see that in terms of traffic impact on Mondays and Fridays already, again because digital infrastructure is starting to have an impact on work patterns, companies operating in different ways and being more flexible with

their staff and how they expect them to work for them as well. So, we can see that. It does actually start to have an impact.

I think Elaine makes a good point around the issue of the tension between the need for us to make sure we have the right infrastructure. I'm very clear that even in reaching our net zero carbon targets, we will still require good physical infrastructure in the form of roads in order to help to support our economy and our communities. There is no growing economy in the world that has been able to reduce its overall car use and the need for good road connectivity. So, that will remain.

But as the Infrastructure Commission in its report pointed out just two weeks ago, what we should be doing is focusing on our existing asset and how we can enhance and we can improve that asset in order to provide that good connectivity for us, as well. That's going to inform very much the approach that we take forward with STPR2 and also with the Infrastructure Investment Plan, which I'll bring forward before the summer.

Your specific point though around making sure that as we enhance infrastructure, that we're also looking to futureproof it through the use of new technologies, whether it be electric or hydrogen, that's exactly what we're doing on the A9, which is the A9 electric highway, which is making sure that we've got the right type of electric infrastructure to support the move to low carbon technologies and, in particular, electric-based technologies.

The issue of hydrogen is still in proof of concept. It's still at a much earlier stage, so it's difficult to put that infrastructure in the same way. But of course, that's something that we need to keep a very close eye on as that technology moves forward.

Just my final point before bringing Russel in is that if something like 7% of all cars today that are on our roads were electric tomorrow, it would bring down our national grid. It can't cope.

So, one of the things we've been doing is that as we make this transition is that we've been working very closely with Scottish Power Networks and Scottish and Southern Energy to test out exactly what needs to be put in place at a regional level, to help support communities in that transition. There are two pilots which we are sponsoring and they're also funding it as well to test this out because they're trying to understand what they need to do.

But again, there are potentially quite significant opportunities that come from this as we make that shift to low carbon technologies. There's absolutely no doubt in my mind is that the south of Scotland is in an ideal place to capitalise on some of that. It means maybe a shift in business model from where you may traditionally be at the present moment, but real potential there. I've no doubt Russel and his colleagues will be keen with Enterprise Agency to see what they can do to help to support that transition as well. Russel?

Russel Griggs: Thank you Cabinet Secretary. Just to make a comment really that we mentioned a good few times this morning the work that The Good Economy

did, and indeed the Deputy First Minister asked me a question a little while ago about the input of the private sector. So, let me just tell you about the question. The question was there are 160 private sector companies that were asked, if you could tell the government - and they had all the money in the world, the one thing you would want more than anything to grow your business in the south of Scotland, what would it be? The vast majority said an integrated public transport system. That's their basic need about growing and it's about getting my employees to work on time, it's about getting my young people to places they need to go to train. It's about all sorts of things. So, that was the thing that came out of it more importantly.

Mark Hepworth, who runs The Good Economy, who has been doing this all over the world now for goodness, 40 or 50 years, says you only need two things to start a community, people and transport. If you haven't got either or one then the community doesn't work.

So, integrated public transport is at the heart of what we will do as we go forward, and that's why we've been working with both the Councils very well, looking at where our asset base in transport is. So, it's about how we use the buses that belong to the National Health Service, it's about how we use the buses that belong to everybody else, how we use other types of things, how we do that in a much more integrated way.

I guess, Cabinet Secretary, that comes back to the discussion we were having in the previous paper, that the only thing I can tell you about that now is one size will not fit all. There will be different solutions for different parts of it.

If you're a young person in Eyemouth, up until this year, if you wanted to go to college, it's a four-hour bus journey, there and back, to Gala. Because that's quite hard, even to Hawick. That's the nearest place you can go. We've been running courses for people coming off the unemployment register in the textile industry in Hawick. Some of them have to get there two-hours before their course starts, because the buses don't run at the time the courses are done.

So, there's a huge rest of areas around that. A simple one that somebody said it would be really good if the bus from Glasgow to Dumfries, which changes at Cumnock, actually the timetable for the bus at Cumnock leaves two minutes before the bus from Glasgow gets in. So, it's just about doing some of the simple things around all of that is what we will want to work with all our colleagues around the table to do. But it is the one thing that's come out key from everybody, from private sector etc is integrated public transport is at the heart of how we're going to make the south of Scotland successful.

Mark Rowley: Thank you Cabinet Secretary. Very surprised that Russel had a conversation there where he didn't mention the phrase the south is different. It's just to repeat that. I'm incredibly welcoming to all of the agencies that have come down here today. I suspect very few of you came by public transport because there is relatively little of it in this part of the world. It's just to note a tiny note of caution with

the sustainable travel hierarchy. I think it's incredibly laudable, it's very welcome. But some of those options to move from bike to foot or from bus to bike simply don't happen here. We do need to find a very sustainable way of continuing to use the car in the shorter and medium term.

One short example, I was recently working with a housing developer who was putting in some fantastic passive house affordable housing in a rural village. They couldn't understand the concern from locals about the parking provision, that they'd upped it to two cars per dwelling and the locals were still telling them that wasn't enough, and it was simply because for a household to get to school, to get to college, to get to work in different directions, very often or they were running two or three cars, sometimes even more than that because they had work vehicles to accommodate as well.

So, it's just to inject a little bit of caution. Do remember, it is different down here. There are only 24 of us for every kilometre. I drove 110 miles to get here this morning. I had no other option. Thank you.

Michael Matheson: I think Mark, your point in terms of some of the specific challenges, the rurality aspect are very important in terms of our decision-making going forward and the strategy recognises that. The hierarchy is there to inform the process. That doesn't mean that you get to first base and stick there. There's a progression through it in order to get to your final decision. I do recognise that south of Scotland is different. The only thing I would say is when I met with the Chamber of Commerce in Lochaber last Wednesday, they said Lochaber is different.

There is a challenge in a whole range of areas across different parts of the country. But having said that, the issue of making sure that we have good road connectivity, as I said, is critical to making sure that we're helping to support communities just like the south of Scotland, because car use will still be critical in these areas. What we do hope is that by around 2030, hopefully most of them will be ultra-low emission vehicles which will go a significant way to address our climate change challenge.

Frank Mitchell: Thank you. Just on the transport strategy for south of Scotland, my other job is I run SP Energy Networks through the day, so we operate in central and south Scotland and Merseyside and North Wales, so we're very aware of the rural elements involved in rural communities. We've been lobbying for some time about the need to make sure that rural customers aren't left behind in the decarbonisation agenda, such as happened in broadband. I don't think it was acceptable, the model, and the market forces that we can build there, and how it's ended up probably costing more money for everybody overall.

So today, Ofgem have launched their decarbonisation plan. They recognise that we're not all running at the pace of Westminster and they want us as companies to come forward with agreed plans we have with our communities of what they want to do to support zero emissions, particularly in transport, where they will then allow us

to put more investment into communities ahead of need, to allow the backbone infrastructure to be there to allow communities to safely transition.

So, that's good news, but it's also a great opportunity if we can get together and think about particularly the south of Scotland what that strategy is and what we want to do with infrastructure to then go forward and actually open that tap up and allow us to get the infrastructure in to allow people to feel comfortable to make that transition coming through.

One of the other bits of data there is - the auto-industry - is it's fairly recognised that probably by 2023-2024, the lowest cost new car will be an electric car. They're already coming down in price but it's an economy of scale issue, that's all it is. There are fewer moving parts in it. Technology is all about the economies of scale. That's all about predicting it. That ripples through to minibuses to electric buses. We launched some electric buses in the last few weeks as well. So, that technology is there. It's all about getting the price down now.

So, it's making sure that we can have a forward vision, because when we invest, we invest for 45 years, it works with the communities that give the public and private transport strategy that suits the south of Scotland, a real opportunity for us to come in on the back of that and make sure that infrastructure is in place to allow that to happen, launched today by Ofgem.

Jonathan Brearley is up tomorrow. I don't know if you're meeting him Cabinet Secretary but it's worth pigeon-holing him to get him to back his words up.

Michael Matheson: You raise a really important there. Broadband is a good example and if it hadn't been for the determination of my colleague Fergus Ewing here, the additional superfast broadband program that was introduced back in 2014 never happened and the big gaps that we had in rural Scotland around digital broadband would never have been felt to the extent that they are now. So, some in the south of Scotland have gone from being in the high teens to the high eighties in terms of percentage of broadband coverage.

My view is it took place through a failure of the regulator, Ofcom, in particular, and its lack of determination to take on the commercial market and to push it into making sure it was covering them less commercially advantageous areas for them. Again, there is a danger than Ofgem do the same thing.

I met with Jonathan a few months ago, because I also have within my portfolio, believe it or not, energy policy, and discussed my concern around the fact that Ofgem are operating - Ofgem traditionally don't focus on this type of work around decarbonisation, but they are focused on the 2050 target that UK government has set. Our target is 75% reduction by 2030 and zero by 2045. I need Ofgem to recognise that there's more they need to do in recognising the specific challenges we have here in Scotland.

But I think you make a really important point around the potential to capitalise on some of the technologies which are developing in this area. One of the groups I set

up is an industry advisory group around decarbonisation and the first part of that is on auto motives. It's co-chaired with Colin Robertson who is Chief Executive of Alexander Dennis, the biggest bus manufacturer in Europe now. Happens to be based in my constituency in Falkirk as well.

But it's those from the automotive industry for example, like Malcolm Group, all looking at what can we do, not just to help to support the industry in decarbonisation, but to capitalise on the potential for developing the technology that can then be used for us to help to support businesses focusing in on that area, so that we don't become a net importer of this technology, but become an exporter of the technology. That's what the purpose of that group is all about. That will probably serve about a six to nine month period looking at auto motives, the automotive sector, and then we'll move on to maybe aviation next, maybe another sector again, to maybe try and make sure that we're capitalising on the potential opportunities that come from this.

But we do need the regulators to step up to the plate as well. If you look at the Infrastructure Commission's Report that was published two weeks ago, they make a very clear recommendation, as did the UK Government's Infrastructure Commission Report saying the regulator needs to look at a much more regionalised basis in the approach that it takes to its policy making because right now, the UK overall regulatory framework is not working to serve us well to meet these challenges. So, there's a lot we still need to do there to keep pushing Jonathan and his team on. Yes.

Female: Thank you. One thought that struck me from the presentation, for which thank you, and some of the comments has been that we think of transport as getting from A to B, destination to destination, and sometimes we forget the journey along the way and the assets that are built as a result of a better infrastructure from that. I just suggest a couple of things that are worth thinking about for this region. Firstly, it's open 365 days a year. Climate-wise it's probably one of the most easily accessible areas I would think, if perhaps one compares it to other areas of Scotland. So, that idea of how you can move your tourist groups etc around for a longer part of the year that perhaps you can in other areas.

But I was also struck that as perhaps you move towards electric vehicles etc, those assets along the corridors of transport potentially increase in value. If you have a house on the side of a road where it's heavily polluted, very noisy, you probably pay a discount for it versus a property that's up in an area that's quiet.

I think over a period of time, that will be - those properties will revalue and there's an opportunity for you and your transport strategy to think about how that revaluation might happen. But also, I think there are other areas you can think about, about your transport networks as wildlife corridors, and having witnessed the number of speed cameras as I was pottering around, I found myself thinking actually, if some of them could be converted to litter cameras, particularly on the A71, you'd create a journey which is much, much more appealing for your visitors to Scotland than it is at the moment.

So, I think there are other ways about thinking about your transport strategy, not just getting economic opportunity from location A to location B, to what that corridor is actually offering to your local community, to come back to some of our original points, because I think there are a lot more that could be explored there.

Michael Matheson: One of the issues that the Infrastructure Commission highlighted in their report was the need to make sure we're looking at how we can enhance and support our natural infrastructure, which is the space that you specifically mentioned. We may have some of our own hard manmade infrastructures in these areas, but how can we also make sure we enhance and support our natural infrastructure as well as an opportunity there for us to look at how we take that forward with the Climate Change Plan, which will be published in April by my colleague Roseanna Cunningham, again to see how that feeds into the whole process of maximising the potential that we can have from the existing infrastructure we've got alongside our natural infrastructure. So, I think it's a very important point. It's a point that was highlighted by the Infrastructure Commission in their report as well. Yes?

Male: Thank you. I was really enthused and encouraged by the Transport Scotland comments on the strategic significance of the Cairnryan ports, I think that's fundamental. Although arguably, it's fundamental to Scotland and more difficulty for Dumfries and Galloway, because effectively the traffic comes through, but it's going elsewhere in terms of its - what comes out of the ports and what goes through them.

So, I particularly welcome the idea that work on these upgrades and improvements in the future is something that could contribute to the economy locally, rather than it simply be infrastructure which needs to be improved and that's about the end of it. How it contributes to the wider work of the convention I think is really important. I warmly welcome that.

I guess the bottom line is we're still going to be using roads. The question is going to be what we put on them. The electric A9 is a fantastic idea. Is there any prospect of the electric road to Northern Ireland and then to the rest of Europe I suppose when we're looking at both the A75 and A77 in terms of future proofing them given the amount of HGV traffic that I guess will continue to use them?

Michael Matheson: So, in terms of - I'll bring Roy Brannen in to pick up on a few of these issues once I just comment on that. But in terms of looking at future-proofing asset through, for example, having charging infrastructure in place, absolutely. We need to look at doing that. A bit more challenge around hydrogen because there's a bit of debate in where hydrogen will go, whether it will go to the domestic vehicles or whether it will be heavy goods vehicles etc, and the technology is still, as I say, at a proof of concept level to some extent. So, we're still some distance from that.

But yes, in terms of putting the right infrastructure in, it's worth keeping in mind, given the charging infrastructure we have in Scotland at the present time, is that we've got the most extensive car charging network in the UK with the exception of central

London. So, we have got - and what we're doing is looking at how we can extend that even further. So, there's a significant amount of resource already going into this, but what we need to do it think about rural areas, how do we do it in a way that best reflects some of the specific challenges you have in rural areas?

So, for example, one of the things I've been discussing with Scottish and Southern Energy is that, for example there can be peak demands you may experience during the course of the tourist months. So, how would you meet that challenge over and above your existing charging infrastructure?

One of the things that they're developing is the concept of having, what are temporary charging infrastructure units put in, so they would quite literally plug it into the grid, put it in specific strategic locations, to help it support tourism during specific months as well. How do you help to support guesthouses and bed and breakfasts that they may have a charging point for their own car, but if they've got guests who are looking to charge their car as well, how can they differentiate between those? Because obviously it has a cost to them. Also, their house electrical supply may not be able to support that as well.

So, one of the things they're working up through this pilot is we're looking to test that out in order to try and make sure we're getting that type of infrastructure right to help to support the rural economy, aspects of tourism, where it can actually become an important element in particular areas of the country during the tourist season. Roy, did you want to say a bit more on some of this as well.

Roy Brannen: Yeah, just picking up on a few points, but that last point, first in terms of HGV, so HGVs are probably the hardest part of the sector to decarbonise at the minute because the technology, battery technology is just not there. But there is an opportunity along that corridor to look at what is proven technologies just now, either slot or pantograph to charge those batteries en route. So, although you're unable to go long distances with the battery technology that's currently there, there are vehicles currently being tested in Germany where pantograph goes up similar to electric train, recharges en route. Again, that's an opportunity there that we should look at for the like of the A75 given that it's taking probably the best part of 1100 vehicles, HGV vehicles a day across the crossing. So, I think again, it's just tapping into that potential of the journey that we're on for the future.

On the point around integration and the rural uniqueness, the southwest study, if you get a chance to look at it, you'll absolutely see that that evidence is coming out in buckets. That's exactly what it's telling us. The opportunities and the options that are going to be taken forward through STPR are specifically about that.

STPR is not a one size fits all type of approach. It's very much a regional, national and local approach, and we've set up 10 regional transport working groups, mirrored on the regional economic groups, to try and make sure that things that aren't national and not strategic are dealt with in a regional area, and if they're not dealt with in a regional area, they're dealt with in a local area. So, I think that's really fundamental

that we recognise that something that applies in the central belt cannot apply in other parts of the country.

The last point is tourism. So, litter is one of my biggest bugbears. It's a societal problem across Scotland. We probably spend quite a lot of money on the trunk road network collecting bags of rubbish on a daily basis and I think that's something we need to work harder at as a nation. But for the tourism offer, as has been done in for the North Coast 500, I think the southwest equally, or the whole of the south, has an opportunity there to really benefit from that. But to get it absolutely right first time in terms of the facilities and infrastructure that can go on and support it, particularly given that the climate is, as you say, 365 days of the year.

I think there's a lot of challenge, but a lot of opportunity. But as I come back to my first point, the key to this is collaboration and I've seen really good collaborative work with both the regional transport partnerships, both local authorities, cross border as well, to look at these studies and then to bring them into the fold of the national perspective.

John Thurso: Just to back up that point on tourism, we at VisitScotland are already working on a strategy going forward that sees people use green vehicles. It's ideally suited for tourism where people want to do shorter journeys and actually stop and see things that are possibly pilots on North Coast 500. But it's ideally suited to this part of the world as well. If you have, as we do, we've seen them, upmarket tours of people on bicycles who wish to move from A to B, get their kit moved, then an electric form of van is an idea way of doing it.

That is a tremendous opportunity because nobody is doing it yet for this part of the world. What it plays into is the brand image of Scotland as an environmentally clean place to come to, and there is a huge pool of people, particularly generation Z, that are wishing to buy a product that is low carbon or no carbon. So, it's certainly something worth looking at and progressing for this part of the world.

Michael Matheson: Thanks John. I think Roy, you may have the stats on this given your links to cycling, but cycling tourism is a massive part of the European tourist market. It's not maybe so much the idea of electric vans, but the fastest growing two wheels on the road these days is e-bikes, electric bikes. Part of the challenge with some of the tourist routes that we have just now is the opportunity for individuals to be able to charge their bikes while they're en route. Again, it's a small issue, but it has the potential to offer what's quite a unique package with partners who may be working on that particular route, it may be a shop, it may be a café, a hotel, whatever, offering the opportunity for people to be able to charge their bikes and having a package built around that which can then be sold as a unique offering within the south of Scotland.

It's one of the areas I would have thought there was real potential for, not just in south of Scotland but across the rest of the country where we've got some really excellent cycle routes that attract a lot of tourists as well. But it's that practical

measure that can make a big difference in terms of drawing people into the area. Yes.

Male: I wanted to bring up the issue of PR and media. A number of things we talked about in the visioning document and also this document lend themselves to creating a positive image that might draw people to this area in terms of things like the green agenda. There are lots of people live in urban areas, Birmingham, London, Edinburgh, places where they're starting to pick up their concerns about things like particulates getting across the brain barrier. They're worried about bringing up their children in those areas and they might be attracted to an area that can demonstrate, and I mean demonstrate, a green way of living.

The problem with - and if we are going to develop a PR message about that to try and draw people into the area rather than just keep them here, the problem is I think, and it connects to the cycle debate. I'm a big cyclist and I like to cycle a lot. But we have to deliver what we promise we can deliver and one route I will not cycle on in this area is Route 7, which is the Sustrans route because it's one of the most dangerous routes in the area for cycling in. It's advertised as a cycle route but it's actually one of the most dangerous roads other than the A75, because the surface of it is just not maintained as a decent place to cycle on.

So, if we going to demonstrate fit for purpose in terms of walking, cycling and things, we have to deliver the infrastructure to make sure that works.

That brings me on to my final point, which is something that Frank alluded to earlier when he was talking about things like training, we have to take a strategic view about cost versus benefit in a lot of these conversations. Some things might cost us quite significant amount in the short term, but if we don't assess them against the longer term strategic benefit of, for example, bringing people into this area or creating flexible training opportunities, then ultimately we're going to shoot ourselves in the foot. So, just that, I'd reflect on a couple of those points.

Michael Matheson: Thanks. Any final points? I'm conscious I'm between you and your lunch. So, we're due to finish in the next couple of minutes.

John Swinney: Any key summary points Michael, that you want to highlight from what you've heard just now, to give a bit of guidance to some of the thinking?

Michael Matheson: I think a number of points come through. I think it's about the collaboration and joined up working is absolutely critical. I think although this was a specific paper on transport from the course of our discussion, you can see how wide it goes into other areas of infrastructure itself and the need to make sure that those are aligned effectively, which is another point that I think we should take away and explore as one of the action points.

Third point that I would pick up on is the issue which was raised by Mark, and that is recognising that although you have a hierarchy to assess how you may make decisions around transport, there is a hierarchy that you go through that process before you arrive at that final result. That doesn't mean you arrive at a result with

involves vehicles, cars, but it's about making sure that it recognises the very specific rurality of these issues.

I think the fourth point I would also say, which I think is important, is looking for opportunities for innovation within rural settings to be able to demonstrate the benefits that we can achieve through specific measures being put in areas such as the south of Scotland, that can demonstrate innovation of approach. It may be on the A77 or the A75 with pantographs for electric trucks.

But it's demonstrating the area as an area which is very much in the forefront of the green agenda, because the reality is for all of us, this is going to be one of the domineering factors that will influence a whole range of public policy, and I think it's incumbent on all of us to try and capitalise on that to maximise the potential benefit that comes from it. So, we should be looking for opportunities to use areas in the south of Scotland as demonstrators and to highlight the green credentials of the area as well.

John Swinney: Okay, thank you very much, Michael. Thank you to Heather for the presentation and to all colleagues for contribution. We'll draw together those outcomes over the period we're now in and the closing the session this afternoon and just agree what steps we're going to take to take them forward.

Okay, so we'll break for lunch just now and we'll aim to reconvene about 1:45. Thank you, I think lunch is that way.

John Swinney: There's two issues that we'll - or two elements in our discussion this afternoon; first of all, a discussion around demographics and skills in the south of Scotland and then we will, after a short break, we'll look at the outcomes that we've arrived at in the course of our conversations today and agree how we'll take those forward. So, for the demographic and skills item, Fergus, are you going to lead us through this?

Fergus Ewing: Thank you John, and this session is about demographics and skills, as has been said. Some years ago, a friend of mine who's a councillor in the Western Isles and who was then just 20 years out of the Nicholson Institute, told me a story that he'd arranged a reunion of all the alumni and his class, his year class at the Nicholson Institute, the vast majority of the people that attended the gathering at Stornoway had left the islands to make way in life.

So, first of all, majority of kids had left. They had to leave. Some of them no doubt wanted to leave, and that's absolutely fine. But in most cases, they had to leave to pursue a career. So, they came back.

The second thing he said was of those people - and he took a vote - who had left and they came back for the reunion, every single one of them said that their preference would be to come back with their families and live in the Western Isles. They particularly cited the quality of life, the quality of education, perhaps the different way of life to some extent, the gentler way of life maybe in the Hebrides. But none of them could.

That really has been the conundrum in the Highlands and Islands. I think it was Russel earlier who made the point that young people can't be tethered to any part of the world. They make their way and that's a good thing. But if there's not the opportunities for them here, as there hasn't been until more recently in the Highlands and Islands, then they have no choice. That's part of what we're really trying to address, I think.

The positive side of the story is that after perhaps too many decades have elapsed in the Highlands and Islands, and thanks in part to the HIE and thanks actually in large part to the UHI and the growth of educational skills opportunities in the Highlands and Islands on a collegiate basis, those two things have led to a situation where in the last couple of years, for the very first time, more kids leaving the school stayed in the Highlands and Islands than left.

So, that has been, if you like tackled to a significant extent in the Western Isles, the lack of opportunities in someone's own native heath part of Scotland.

That's the background really and I think the opening discussion that the Deputy First Minister led and which many people really focused on skills and young people and providing more opportunities locally, one way or the other, and making use, whether through a common timetable as we were just discussing with Tony there, or through other digital opportunities to do things using digital that hitherto would have been impossible because of geographical barriers.

No matter how we do it, I think there are - this is a time when SoSE is being born, when things can be done differently and far better, which were not the case when HIBD obviously was set up, or until very recently.

The South of Scotland Regional Skills and Investment Plan has been published by SDS in 2019, June last year. It was commissioned by the South of Scotland Economic Partnership Skills Group with the aim of supporting its work plan. This is really to help further develop the skills opportunities and address the challenges in the south of Scotland. I'm very pleased that the partnership has worked very closely with both colleges and both universities that are represented here, both Dumfries and Borders, both Heriot-Watt and Glasgow, you are all pillars of what we're trying to do. We cannot solve the challenges without you. We're working very closely with you. If you look at the 30-odd investments that SoSEP has made, the biggest one has been in skills. In fact, the biggest by far, I think, of £6 million or thereabouts, and several others have sought to address that.

So, already, before SoSE is even born, there has been some sort of successful prenatal activity as it were. Getting into a bit of a dangerous metaphor there.

Lots of good things are happening and that's to be welcomed. But I think we all feel that a lot more can be done. Really, I'm hoping what we can get from this discussion is your individual insights into what that more might be. Or differently, what that different might be.

In relation to - and skills is not our only challenge. In relation to population, the south of Scotland again has a similar challenge to the Highlands and Islands. The predictions of population growth are alarming. The shrinkage of the working age population as a proportion of the total is alarming. I think the stat I read in the paper is that now there is for every 100 working people in the south of Scotland, there are 68 who are not in work, or not working for various reasons. By 2041, unless I've forgotten or misread the maths, it goes from 100 and 68 to 100 and 95, so nearly as many people, 95 people, not working as in work.

That means there are fewer people to do the jobs that we have at the current time if they will continue to require to be done. In most cases, the answer is yes. Where will we fill the jobs from?

Secondly, if we need more people and we want to attract more people and this is a great part of Scotland, it's a beautiful part of Scotland, many, many people want to live here, many more people would love to live here, as Mark, Shona, Gavin and Elaine very well know, it's a beautiful part of the country, huge advantages, to get them here is difficult, but if we are to attract them here, where are the houses? Because although there's that math of 100 to 95, it does mean there will be fewer houses because people are living longer, so they'll continue to occupy their house but as a non-working person.

Therefore, where are the houses coming from and do we need to be quite radical in our approach to things like planning in the countryside if we want more houses? Is that something that needs to be on our agenda? The last thing I would say before handing over to Chris Brodie and Linda Macleod from SDS and the SFC to do a presentation is that we have in the Scottish Government published a paper just a few days ago called Migration, Helping Scotland Prosper. This focuses on migration and how we would like to make this happen more.

It's not - I don't want to trespass into the politics of the thing, but I think what anyone would infer, no matter what one's political perspective may be from the forthcoming presentation is there must be change, we must do things differently, there's a serious challenge, we have to address it, and by working together in the south of Scotland, all the public bodies, especially Scottish Government and the two local authorities, I think we can crack it in a way that will help us rise to the challenge. So, with that, can I hand over to Chris and Linda to - sorry Karen, my apologies Karen.

Karen Watt: Not at all.

Fergus Ewing: ...to do the presentation. Chris and Karen.

Karen Watt: Thank you very much. Lovely. So, you have a paper which is a SoSEP, SFC, SDS paper here today and Chris is going to lead us through the slides and through the presentation. But I thought it might be useful just channelling a few of the comments and observations from this morning and set a bit of the context for this presentation by just saying four things.

The first is that between SFC and SDS, you've got the national agencies that are responsible for careers advice, skills, education, work-based learning, and we are absolutely and utterly completely seized of the mission here and it is to support the south of Scotland, to drive forward its own future, a future as everybody is saying this morning that's created of the south and by the south and for the south and those - and there are very distinctive challenges.

So, you have our absolute commitment that between us we're looking at distinctive solutions for the kind of issues that you're coming up with to align with the mission.

The second thing is that we are already very engaged as partners. So, between us, we invest over £32 million every year in the south of Scotland, and you'll see from this slide here just some of those additional investments that are going in between SoSEP, SFC, SDS and partners around the table.

The third thing I would just say is I think you would expect and you should expect that as national agencies that we join up. Joining up is not always easy and there are always bumps along the road. But you can expect from us, from SFC and SDS, an aligned contribution so we're maximising our impact and we're maximising our joined-up investment.

The last thing is I think this is a fantastic opportunity, we've got a real chance as agencies together with partners to get behind a shared economic strategy. So, we're in this for the long run and we are here to support the collective ambitions that we have in the south of Scotland. Chris.

Chris Brodie: Thank you Karen and the Cabinet Secretary for the introduction to the paper and the presentation. I've been a board member of the South of Scotland Economic Partnership for the last two years along with Tony, along with Rob, along with Gavin, and I think it's fair to say that education and skills has been a central focus of that board over the last two years, so much so, as the Cabinet Secretary introduced, we published a regional skills investment plan in the summer of last year, and we did that ahead of the coming of the agency, and we did that ahead of the emergence of the new economic ambition for the south, because we thought it was critically important to get ahead of that discussion.

I think it's fair to say that the issue of demographics has become of critical importance in the south. So, what I want to talk about today, reasonably briefly, is three things. I'm going to talk a bit about the skills investment plan and how we developed that and what it says. I'm going to put some shape and some scale on what we know about the demographic challenge, and then I'm going to offer a view on how we bring both of those things together and how we might look at what the next two, four, five years mean in the south of Scotland.

So, a little bit about the South of Scotland Skills Investment Plan. I think it's really important to say that this is not a document that was published by SDS. We did not sit in a room and do this. This was something that was driven absolutely by partners in the south of Scotland. We engaged with over 30 stakeholders, we interviewed a

multitude of businesses. We had focus groups with school students and with college students. We developed an evidence base of over 130 pages. You'll be delighted to know, I'm not going to take you through that in the next couple of minutes. But I would highlight five really important messages that came out of that work.

We've heard it this morning, but that first quote is a direct quote from one of the consultees at one of our events, just recognising that the south of Scotland is different. It is not - it is distinctive from the central belt; it is not a mirror of the south of Scotland. More than that, it's not a homogenous region on its own. It's a collection of distinct local labour markets and local economies, which all present their own challenges but also their own opportunities.

Secondly, we recognise the economic mix down here is different. We also recognise that the coming of the agency in particular means that that's likely to change going forward.

But what do we know about now? We've heard this this morning. There are a number of high-quality employers and good quality jobs in the south of Scotland too often those high-quality jobs and well-paid jobs are in the public sector rather than the private sector. But there's also a significant tale of jobs which are not highly-skilled.

In respect of access to training, we know it's a difficult challenging area for colleges and universities to operate in and for private training providers. You've got shallow markets for skills. Sometimes it's difficult to access training. Critically, we know that too many young people leave the region or feel they have to leave the region because of a lack of training opportunities, but critically a lack of employment opportunities.

So, what the Skills Investment Plan does is pull together collective action from the colleges, from the national agencies, from the local authorities around what we might do, and that's focused on six broad areas; improving access to education and skills, looking at how we provide training opportunities for those who are in work and in particular support for employers, importantly how can the education system support innovation and encourage people to think about opening up their own business, and critically, what would a region for young people look like? That is beyond simply looking at the education and training opportunities that are on offer, but looking at the wider quality of life aspect in the south of Scotland.

We also have an important eye to the future, looking at the disruptive impacts that both automation and technology will have and the nature of their work, and asking some deep questions about how well positioned we are to respond to that.

Finally, and I'm not sure we've talked as much about this this morning as we could, but the importance of growing the workforce, and I'll come onto that in terms of the demographics about why that's critically important. But what are we doing to provide upskilling opportunities for those who are already in work?

If you haven't seen the document, haven't read the document, I'd encourage you to have a look through that.

Looking at the population challenges, I just want to take a few minutes just to talk about what's going on in terms of population in the south of Scotland. So, looking back over the last 15 years, we know that the overall population in the south of Scotland grew by about 6000. That's about two per cent, way behind the growth rates across the rest of Scotland.

When you begin to break that down, a pretty challenging picture emerges. So, the vast majority of that population increases has been in the over-65's, largely but not exclusively people who are not working. If you look at the working age population, actually there has been growth in 16 to 24-year-olds, but those early on in their career and mid-career, in terms of working age, that population has fallen quite significantly over the last 15 years.

Looking ahead, the numbers are stark. So, we actually expect the population of the south of Scotland to contract by about 5000 up to 2041. The fall in the working age population is from 156,000 to 133,000. There will be nearly 23,000 fewer people of working age in the region if current trends continue.

What's driving that change? So again, taking a look back over the last 14-15 years, roundabout 17,000 - just over 17,000 people moved into the south of Scotland from elsewhere - in Scotland, elsewhere in the UK or from Europe. That has been critically important in terms of sustaining population. If that growth had not have happened, then the south of Scotland's population decline would already have begun. We'd have 10,000 fewer people than we have now.

I think it's important to reflect and get underneath the skin of what's actually been happening in terms of population movement and these two graphs, the green line tracks out-migration over a 20-year period. The top line, the blue line, tracks in-migration over a 20-year period. I think there's an interesting story begins to emerge there and it's not what you might expect. So actually, yes, we know out-migration is significant in the south of Scotland context, but it's been pretty steady over the last 20 years. Around about 8000 people a year on average leaving the south of Scotland to go and live elsewhere.

The big story is actually the in-migration has slowed from a figure of round about 10,800 in 2004, to just under 9000 in 2017-18. Important to reflect on what we might do to address both those vectors. A lot of the conversation has been about what we do to stop the flow out of young people in particular, but I think there's a question about what we can do to make the region as attractive as we want it to be.

Brexit has been mentioned in the introductory remarks today. Important to recognise that actually EU nationals make up an important part of the workforce, round about 6.5% of the total workforce across the south of Scotland have come from the EU. If you look at the sectors in which those EU nationals are working in, a lot of them are working in sectors that the office of the Chief Economic Advisor thinks are

particularly challenging in the event of a disruptive Brexit, i.e. agriculture and fishing and construction.

It's also important to recognise that EU nationals are not coming over here to fill the jobs that no-one else wants to do. A lot of the EU nationals that have come over here are actually in high-skilled jobs working in the public sector, working in education.

I said I'd finish off by highlighting where we might go next which I think is a good place to start the conversation. The call to action that we've set out in the paper has got five elements to it. The first is to recognise that actually the education and skills agenda is important but partners have been working hard on that over the last 12 months, 18 months. The second is to recognise that actually skills is a derived demand. If I was to be reflective about what the SIP doesn't yet do, is I don't think it talks enough about the future. There's a reason for that in that we have still I think an important role for the associate board and for the agency will be to set out that clear, distinctive vision for the south of Scotland.

We're looking to establish a regional skills and education programme board. This will mirror the programme board that currently operates in the Highlands and Islands but also elsewhere in Scotland. We envisage that that programme board will both oversee the regional skill investment plan and the implementation of it, but also provide a forum for exploring that interplay between demographics and skills.

The fourth point we think is really important and that's recognising the population challenge. A lot of the conversation this morning has been around what we can do to provide more training opportunities. I think there is an equally big, if not greater challenge in terms of how we can make the region an attractive location for people, particularly people of working age, to come and live. So, we think there's an urgent requirement for a talent attraction and retention strategy for the region to be developed alongside the SIP.

Finally, we think it's important to recognise that relationship between skills and between economic growth. So yes, we will get on with implementing the SIP actions in full. But we think it's equally important that as the economic vision from - for the south of Scotland emerges, that the skills investment plan responds to and aligns with that emerging economic ambition.

Fergus Ewing: Well, thanks to Chris and Karen for a very crisp and helpful presentation. So, it's over to you to contribute. We've got Russel first. On you go.

Russel Griggs: I was just going to make a comment. What we've tried to do over the last few years as all this stuff has come out about statistics is to try and turn them into messages for the ordinary population that they understand. This one is a really critical one. This is about how it impacts on the National Health Service. Just to stand still, to maintain the 100:68 of the ratio, which is not great, so just to stand still, we have to bring in another 800 working age people per year forever, just to stand still. If you put their families in around that, that means that we have to bring in about two and a half - we have to be able to accommodate about two-and-a-half thousand

extra people in the south of Scotland every year, forever, just to keep the demographics as they are today, and they're not great. So, to make that even better.

Those are now numbers that people can get their heads around because it does impact on the National Health Service, it has an impact on education. If we're going to have to form a community - I live in Sanquhar, so we have to create a new Sanquhar every year just to stand still in terms of the demographics. That's important because it gives us all now something to think about in terms of how we accommodate those extra two-and-a-half thousand people. If we go back to transport, are we just going to add it to what Chris said, and that was actually Chris that gave the information in the first place? But it's important, because those are the challenges that we go back to what we feed into our output statistics and look at what we were doing. A change in the demographics will be a key part of what the new agency should be judged on over the coming years. Sorry Fergus, back to you.

Fergus Ewing: Thanks Russel. Other contributions? Mark.

Mark Rowley: If I can jump in, I think you're right. One of the big things, it is a fantastic place to come and live and work. I'm an in-comer of 15 years and I decided that the hop down from Edinburgh was well and truly worth it. But I was lucky that I'd got to a stage in my career when I could afford to do that and I could still earn an Edinburgh wage and pay Scottish Borders prices to live here. I think you're right to touch on housing. I know we've discussed rural housing previously. If we're looking at effectively creating a Sanquhar a year to stay still and I hope nobody has ambition in this room to just stay still and keep bailing out the boat, then we're going to have to look at some very innovative housing solutions for this part of the world, because at the moment, the private sector isn't working as well as it could do for here, because there are more profitable and easier and quicker parts of Scotland to build homes in. I think that's something I'm sure the REP will be looking at and so will the agency.

But I think at every opportunity, we do have to get across just what a fantastic part of Scotland this is to either visit or to live. We started with a tourism initiative two weeks ago called Scotland starts here to remind people that this forgotten bit of Scotland is proper Scotland, it is where it starts, it has got lots unique things.

The other thing I think we need to remember, and nobody has mentioned it yet, is that we have a border with England, and that those cross-border issues sometimes need to be borne in the back of our mind that we don't just look to the central belt, that we might look to Berwick and Carlisle for some of our facilities. So, a local perspective.

Fergus Ewing: Okay, fair points, thanks indeed Mark. Have we got others? Grant?

Grant Innes: Can I make a couple of comments from a Heriot-Watt University perspective and higher education in general? I see exploring how best to increase the availability of degree level courses as being quite a challenging thing to achieve, so just in terms of what our operation is, Heriot-Watt, our campus in Galashiels is

very focused. It's our School of Textiles and Design. We have a long history there, and we've been very successful in attracting people to come, to move to Galashiels, to do this particular form of course in this particular subject matter, because it's nationally and internationally recognised as a really leading course and it's field. So, that's the way people have been attracted in.

It's fair to say that our student satisfaction is very high with our academic delivery, and the comments that we get back are generally driven around the amenity and actually living in Galashiels. Our students of today want more and more. They see their learning experience as not only being the academic experience. It's all about the whole community they're involved in and the vibrancy of campus.

So, it's an interesting conundrum for us, because we've got - we have a Borders campus, we have our Orkney campus. As you know we've got Edinburgh. Riccarton campus is on the south of the city, which is good for access to the south of Scotland.

A creative and forward thinking at scale tertiary education facility for south of Scotland would be a major financial commitment in order to make it successful at a time when the competition for student recruitment, as you know, across Scottish higher education, everyone is in extreme competition for students. Indeed, we need the international students to come to enable us to be commercially viable to deliver for the Scottish students.

But here's the but, and it's a positive but, because we've been successful, there's nothing actually to stop us from delivering any of the courses that Heriot-Watt currently has in its portfolio out through any of our channels. I was talking to Joanna earlier on about STEM and how we do STEM. So, I'm very interested in how we actually explore talking about what it would actually look like to enable tertiary education delivery for south of Scotland, but what actual model that is, and does it mean new campus facilities, does it mean - I think improved infrastructure links and transport might be the key, if we're taking it up to Edinburgh.

I think graduate apprenticeships also. I think engagement with local industry and actually defining graduate apprenticeships could be a way forward too. So, these are just ideas.

I am new to this and what I'd be very keen to understand is what the process is in terms of getting to the next stage of how we explore further what actually needs to happen. Thank you.

John Swinney: Can I just follow up Grant's point because I think it unearths some real challenging questions for us and things I'm preoccupied by. If you take the work that we're undertaking in the learner journey, essentially, what you're saying to us Grant is get on with that learner journey work and come up with a different model. Frankly, it's music to my ears because - but the issues are difficult to resolve because what you're talking about is fundamentally changing the way in which we deliver education to try to make sure there is more of an economic impetus from education in the south of Scotland. I'm wholly supportive of that.

But it does involve my local authority colleagues recognising that our school bit of it is going to be different to how we currently envisage school education being delivered. It involves the further education colleges I would imagine housing this, which is - because if someone is going to come to me and say we need to have tens of millions of pounds for a new physical campus in the south of Scotland, that's going to put another obstacle in the way of it ever happening, because that type of proposition is a challenge.

But we do have - we've got lots of infrastructure. I would venture to say we've got no shortage of buildings when it comes to these questions. But it's about how we use those buildings to deploy our education. That's what the learner journey activity is supposed to get us to resolve.

Now, this is where I think there's a really interesting opportunity at the start of this journey around the table of the Convention of the South of Scotland, that I'll fully admit I'm somewhat frustrated that the pace of reform under the learner journey, the south of Scotland could go and grab it by the scruff of the neck. Tony and I were around a table the other day where Tony was saying to me in another context, the college sector was really keen to make more progress in the learner journey. Well, here's perhaps an opportunity for us to drive some of that reform in a different way that has been the case in the past. But it requires our local authority thinking to be in the mix, our college thinking to be in the mix and obviously we need players.

Now, of course, we've got Glasgow and UWS active down here. We've got Heriot-Watt active over in the Scottish Borders. There's obviously some foundations of how we might go about that. But crucially, we can't view that as just a learner journey escapade. There has to be a link to economic opportunity as well. Again, that's one of the advantages of the conversation around the table here and the type of work that the agency is going to be involved in and the dialogue the agency can have with other organisations and obviously Scottish Enterprise and SDI conversations are important in this respect, to be able to create some of the economic opportunity that will enable some of those people coming through a different learner journey to be able to stay here, fuel these population numbers and all that goes with it.

To me, there's a really exciting possibility of doing things differently if we approach it in that fashion. Joanna, you come in first and then Robert.

Joanna Campbell: I think you're absolutely right. There is an exciting opportunity that's presenting itself to us. I'm really pleased that both colleges are going to be involved in a skills alignment project with SDS. We're going to take the economic ask from the employer base and look at the college curriculum offer. That's going to give us a real opportunity to line up what we're doing more cohesively with the economic drivers within the south of Scotland.

But the other thing is that when we're talking about tertiary model, we've got our new learning and skills network and following on with a conversation that I had with Grant before we came back after lunch, we can actually look at developing a model that

has many players involved in it. Because the network is distributed in that way, we don't necessarily need to go with what exists here already. It can be something that can be, dare I say, national and maybe even international. So, for example, if we're looking at the health and social care agenda, then it may be that there's an opportunity that presents itself with another university that doesn't currently exist here, but because we've got this digital network, if you like, then it means that we're opening up a whole wealth of opportunities to people.

The other thing is there's a lot of innovation that's out there, that we can learn from, people who are able to demonstrate best practice elsewhere. So, really what I'm saying here is there is an opportunity. It's about lining up all our agendas and also potentially looking at some kind of hub and spoke model with regards to developing that tertiary offer.

John Swinney: Robert.

Robert Smith: You mentioned Scottish Development International and I don't see any mention in here. I would encourage conversation with SDI. They help Scottish companies to export, but much more importantly I think for the south of Scotland is they encourage inward investment. Our inward investment in Scotland is astonishingly only second to London per head of population. I don't know what's available in the south of Scotland for inward investors, but at least a conversation with SDI I think would pay off, because they're quite successful at attracting that money in.

Female: I think going back to what we were saying about the learning networks, there is development of that along that line and local authorities have already - you've been to the Bridge Project already in northwest Dumfries and, partly because of the size of our schools and so on, we're already looking to digital delivery of education courses.

We are actually on a bit of that journey already. What I think we haven't done yet is actually link that with ourselves and the colleges and the universities. I think we're doing it to an extent at the moment and I'm looking at our new Director of Education and Learning who has just been appointed. We're doing that internally just now and I think we need to collaborate better because there is definitely a hub and spoke model that can be developed, but it will be most productive in its delivery if we are using all our resources together. It's a journey we're already embarking upon but I think there's probably further that we can all go together.

Male: I'm still trying to come to terms with a new Sanquhar every year. But putting that aside, I think in terms of doing things differently, I think it was Nick earlier, you talked about the need to have a highly qualified, skilled workforce and I agree with that. We want to be treated by somebody who is skilled and qualified. But that's part of the problem down here is about qualifications. Because if you look at the makeup of many of the companies, the small companies down here, they don't want qualifications, they want skills for their workforce.

The way that we deliver things at the moment is actually a barrier to them. They don't want long programmes that they have to commit their staff to, and actually, particularly the older members of staff don't want to have to commit to a long programme that delivers a qualification. What they need are the skills that their business needs. I've actually talked to employers and Russel will know them, who say I don't want to give my workforce qualifications because somebody else will come along and employ them, or they'll ask for more money. I'm not saying that's right, but that's the world that we live in.

So, I think - I've spoken to Karen about the - if you look at the funding and working down here, I think the South of Scotland is an opportunity to trial some of those different ways of doing things and even consider the fact is do you fund rural areas differently in terms of their outputs than an urban area? Because they're totally different challenges.

John Swinney: I think again, the whole purpose of this conversation is to try to find those themes and those elements that will allow us to make progress across the board. So, if you take some of the challenges that you set out there, Tony, and then go back to what Joanna said there about a conversation about whether or not the college's curriculum is meeting the needs of employers, there's a couple of pretty stonking questions in there. Great. I really welcome the fact there's that openness to say well okay, let's assess the curriculum, let's see if it's what employers want and if employers want short, sharp interventions to get employers into different stages, then let's have a look at that. If our fund - I was going to say reward mechanisms, but we don't have reward mechanisms - if we have - if our funding mechanisms are not conducive to that, we have to look at that.

That's before we get onto the conversation about the health service, which is where are you in the conversation about what's going on in the colleges and is that close enough, recognising that whatever happens in the future, the health service's workforce is going to represent a really pretty significant part of what people do in their employment?

Given the - I'm not familiar with all the health service training requirements, but if it involves the prospect of people leaving the Borders and Dumfries and Galloway to go elsewhere to do certain things, that's not ideal. Nick, you're about to correct me, I think, are you?

Nick Morris: I'll just add to it, if possible. There's a myth that the NHS is only looking for high qualified - we are looking for high qualified staff, but we're also looking for significant other types of staff as well. We need caterers, we need boiler engineers, we need all sorts of people. One of the analogies we've been talking about recently is people remember the adverts you used to see for the British Army, and it used to say join the Army and get a trade, and there were thousands of different trades you can get from engineering to catering, whatever. We're thinking the NHS is not dissimilar to that really. We want to try and encourage people to look

at the NHS as a place you can be employed in, but actually your career can go in lots of different directions.

As a partner of the local economy, why can't we see the NHS as a place where people get trained through modular schemes on various different things. But actually, 5 years, 10 years down the line, they may actually work in another part of the local healthcare - another part of the economy, not necessarily part of the NHS. But then we feedback from them as well. So, we need to see ourselves in partnership with the broader economy.

If we can get into partnership with the education authorities to look at things like apprenticeship schemes, I think when you challenge our professional groups because they're too bothered about supernumerary training schemes, and I think we ought to be challenging that because we haven't got the numbers of people that allow us to do that anymore. So, I think we need to go back to workplace training of qualifications. I know my professional colleagues would be in a concerned position at this point with me saying that. But I think it's one of the challenges we have to face.

I think when we're looking at housing and placing education, we don't need to look at new campuses. I think we need to look at the towns and villages we've currently got and encourage people to be trained there, because we need to mix our youth and our students with our older people, and it's something we're looking at locally anyway is how we create multi-age communities that help to support each other better, because the evidence from our local villages is that there is tremendous potential in the support that young people give to older people and older people give to young people if you keep them living together. So, there's something about the campus style we need to think about then as well in the way we deliver our education.

But I would be keen to support apprenticeship based solutions, work base training solutions where possible, use digital where we can rather than sending people to Glasgow and Edinburgh, and then we can be a feeder training place for the rest of the economy if that's suitable to other people's desires as well.

John Swinney: Do you think you're close enough to the education system just now?

Nick Morris: I think we're getting closer. I think there's been a distance in the last six or seven years. I'm new to this area, but I'm picking up there's been a distance between the NHS and some of the educational establishments, but through the Crichton processes, we're getting closer. I think our agenda are beginning to come into alignment. So, there's a potential to build on that now.

John Swinney: Damien.

Damien Yeates: Just to build on Nick's point, I think there's a great opportunity as a starting point for momentum, alongside the supply side, to get the large employers, and through supply chain, over train for the region, so you can really mobilise the big employers. What Nick just described is the NHS in the region becoming, in effect, a surrogate training agency for the broad range of occupations. It's phenomenal.

That's in a combined way, where it is work based, where you get over some of the humps of somebody having to take themselves out of the labour market in order to upskill and reskill. If we can do more of that in the labour market itself.

But there must be a good number of enlightened employers who would come together and work to the common good. For the long tail of small businesses who can't afford or for whom the process of engaging in training or apprenticeships is much, much more challenging, that that weight and burden can be picked up by the larger employers, it would give us a really powerful start.

Female: Yeah, I'm just thinking about a couple of things coming out of the discussion and there seems to be - and I hear the need in terms of developing skills and for service industries and that kind of thing. But I think we also need to focus on the fact that we are one of lowest wage economies in the whole of the UK as well, and how do we start to attract businesses and companies to come into the area that will provide well-paid, highly-skilled jobs as well? So, I think there's another aspect to this in terms of how do we attract UK headquarters to see the south of Scotland as an option for them to come and invest in?

So, while I understand that the public sector is a great sector and employs a lot of people in the south of Scotland, how can we broaden that out a little bit and how can we think about other industries that we want to attract to come here and set up. If we're going to bring 2,500 people to this area every year, then we have to attract new industries and we have to attract new businesses as well as keeping our young people as well.

So, it seems to be a two-pronged discussion happening at the moment.

John Swinney: Ironically, these challenges of our times, in twenty-first century Scotland are happening at a time when we have the mechanism to overcome many of those issues because of the digital connectivity. I remember years ago going to visit a company on this campus which was cataloguing all the books for the British Library. So, you had people here doing a job that you would ordinarily think would be taking place wherever - whichever part of London the British Library happens to be in. But what was doing it was people in well paid jobs with a big stonking cable going out of the building to wherever these cables go.

It's a good illustration about how geography, which has perpetually been the obstacle for the south of Scotland now doesn't need to be that obstacle, because of digital connectivity as long as you have the people and the opportunities.

So, an awful lot of this, you could go round and round and round in this conversation. What comes first? Is it the people or the opportunities, or the opportunities or the people, or whatever? You've kind of got to get on with it, I suppose.

I think there are - I would be - I think if I was worried about any part of this, which bit of it am I most worried about? I suppose I'm probably worried the most about how do we would build a Sanquhar every year? Not wishing in any way to besmirch the wonderful place of Sanquhar. But that feels to me quite a lot of houses to build a

year, or quite a number of houses in redundant buildings in town centres to reconvert, which is a different question.

I know that was just me demonstrating that I've been listening all day. But I represent part of the city of Perth and we're wrestling with all sorts of difficulties about the city centre retail occupancy. There is no way we would be able to sustain every piece of retail space in the existing Perth city centre in the years to come. So, we have to think what to do about it. But that requires changing planning consents and saying that will no longer be a shop, that will be housing.

So, that needs everybody to be rowing in the same direction. But I think what the - I think the tools to actually solve some of these challenges are aided by digital connectivity because the interesting work that's going on in educational provision already through the learning and skills network and the other work that's going on, provides a seed of how that might be undertaken. So, that's one element of it. You have accommodation as another element and then you've got the economic opportunity question of whether we've got enough - have we got enough start-up activity in the south? Do we need to intensify some of the work with some of our universities about their research activity? Does it all need to be taking place up the road? Can some of it not be undertaken here?

Where are we with things like entrepreneurial spark and adventures like that? Are we - there will be tons of creative people in the south of Scotland. Are they getting access to - if you've got to get away up to Gogarburn for Entrepreneurial Spark in the east of Scotland, or Dundonnell is not that far away from the Ayrshire side of things. But these are barriers. Are there other ways we can deploy them to get more business ventures emerging out of these communities with a bit of impetus behind them. Nick.

Nick Morris: Just speaking for health, and I'm sure there are other examples in other sectors, but we frequently get frustrated when there are national initiatives where the site to sponsor the development of it is in Glasgow or Edinburgh whereas it could easily have been in somewhere like Dumfries. That would have brought the expertise to our local area. The trial of it would have made it interesting and given us some buzz in the area. It would have got academics interested in the area etc.

So, I think one of the things I would be looking for in this process is some understanding some of the Scottish Government supported initiatives that might take place to help change the way we currently do things, which is always Glasgow and Edinburgh centric, in the health system anyway, and we need to look differently about that.

Another issue is in the business world, it's called entry costs, when you're trying to get into a system. I'm wondering whether 2,500 people for this Borders in total sounds like a lot when you think about it as a Sanquhar. For somewhere like Glasgow, over 20 years, that's 50,000 people. They wouldn't even notice the

disappearance of 50,000 people over 20 years from Glasgow, and yet they're overburdening in their healthcare system.

So, is there anything we can do to create initiatives and support which means that the cost of movements are offset somehow to encourage people to move because the movement costs a significant amount. But if we can find initiatives where people can be encouraged to move from some of the urban areas or facilitated to move from the urban areas to the rural areas, we might find that some of the business then picks up the slack when they realise the population has actually entered the arena.

John Swinney: Interesting. Russel.

Russel Griggs: That's a really good suggestion, but to do that and move away from Sanquhar, it goes back to the point you were making about housing. There are 6 new houses being built in Langham since 1990. So, it's about looking at in these smaller communities how we repurpose housing and allow in places like Gatehouse of Fleet, where one of the biggest employers cannot get senior staff to come because there is nowhere for them to live. It's about looking at how we free up land and other things and put in place the housing. Because if we are a really successful Economic Development Agency, which I can assure you we will be, the last thing we want is to encourage all these people and then when they come there's nowhere for them to live.

So, it's about how you put all that together. So, if you want to encourage people to come down from the central belt, we've got to give them somewhere to live. Outside Dumfries et cetera, a lot of the smaller communities will find that a big challenge, and that's where you come back to the point about do we need to look at planning policy, release some farming land, etc, etc, all that, which if you put into the mix, you start to get something that's overly worthwhile. That's why conversations like this are extraordinarily useful because we all start to realise each other's problems and each other's challenges, and if we can work together much more to do that, then it works better.

John Swinney: Because if you look at - in the course of my daily travels around the country, I see a phenomenal amount of housebuilding. But I would venture to say that it's in a corridor which is sort of - well the corridor I tend to see is sort of Dundee-ish down to about city bypass in Edinburgh. There's a hell of a housebuilding going on in that bit. I'm slightly less familiar with what's going on - I know what's going on slightly north of that, but south of that, not a lot.

So, what re-orientates that? Is it - surely there must be housebuilding in Gala post-railway? I look to my Borders Council expert.

Male: A little bit, but it's the ease of development the point that Councillor Rowley made, so the building that's going on in Midlothian, it's a standing joke if you take the train up, by the time you come back there's another road of houses built in Midlothian, and it's only a slight exaggeration. Will the ripple reach far enough? Probably not without some intervention that changes the dynamic along the

lines of the education piece that was being talked about in respect of health of the colleges. Because it's much easier to build in these locations because the costs are lower and the markets are stronger, etc, etc.

Female: Yeah, can I just come in on that point as well in that - and there's also massive concerns in the smaller communities in the Scottish Borders about the infrastructure not keeping up to speed with development. Certainly, I live in Peebles, and there's a massive concern in the community about our school is already at 1200, forecast to go up to 1800, which is a huge secondary school for a town of 8000 people.

So, there is concerns about the infrastructure keeping pace with development. So, that's all of an issue to take into account in terms of developing in rural areas as opposed to city environments because it's a completely different kettle of fish.

Mary McAllan: Yeah, Deputy First Minister, I was just going to mention, we've been working - just to go back to that point that was made earlier about the NHS and its ability to pull through training people at scale and possible acting as a source for other employers. We're doing quite a lot of work with the Ayrshires at the moment and something called community wealth building which is really built around the public pound and how that public pound is used. Some of it is about procurement and some of it is about big public sector bodies acting as anchor institutions in localities. What do I mean by that? Doing exactly the kind of thing that was mentioned there, also paying fair work rates etc, etc. There's a lot more to it than that as well.

Anyway, the point is it's in its infancy in Scotland, but it's got a track record of success in some places in England, and we're really keen to talk to - we're actually in the process in government terms talking to colleagues in health, in education and in housing and social poverty eradication, and relief about this approach. Because it's actually a way of trying to work really well with colleagues in regions and try and make sure that as far as possible, you can utilise all of that resource.

It would help if you could get it to work to address your problem about bringing in more private sector, because what it does is it potentially creates a workforce in an area, which because it's paid for on the back of the public pound, it's actually one of the great attractors for inward investment in having a highly skilled population, which I think from previous conversations, people feel is maybe a bit of an issue here.

So, lots of assets that could be utilised differently and that's one of the ways we could possibly do something, maybe for the next convention with that model. We'd be really interested in working down here. We've been speaking to Russel about it and I think he's quite enthusiastic. So, we could take that forward, if that was helpful.

John Swinney: Thanks Mary. I've rather got engrossed in this conversation. Fergus you're supposed to be running this. But you've also got some other issues you want to talk through.

Fergus Ewing: Well, you get the overtime money then, don't you? Seriously, I just wanted to follow up on the housing issue because this is not the first time these issues have been discussed, and indeed by us. If we pursue the impact of the shrinking working population, then one of the consequences will be it will be much more difficult for both local authorities to keep the small, rural schools open. So, this really becomes a pretty pressing matter, not only to keep businesses going and keep the population up, but to keep services the going in remote areas, which is probably difficult enough as at the current time.

Therefore, I just wanted to say, firstly, I think this meeting the demographic challenge could be a topic for a future Convention. It covers many strands. But I do feel the case for loosening our approach to rural development has become overwhelming. In Wales, for example, they say that for - every farm can have a retiring house for a retiring farmer to build a - they call them usually a death house actually, but - cheerful. But it works well because most farmers don't want to go to town. They want to stay in the farm, and if they do, well, that helps them with a new incoming farmer to give them some time off to get away in the holiday, which is quite problematic if you've got to milk the cows in the morning.

So, in Wales they already do that. In England, they've got a presumption of committed development for five houses on farms or converting existing buildings. So, I do think that in farming in particular, which of course is so important for the south of Scotland, it's difficult for planners. There are huge pressures on planners and all the rest. But a radical approach will be required.

Just the other point I was going to make was in the history of the Forestry Commission, new forests of any size used to be accompanied by housing, because they had to, because there wasn't any ability to transport, so the forestry workers had to live in the AE Forest or New Forest in Argyll and the Highlands and all the rest.

Why don't we have integrated planning development of forests combining a new substantial forest of over a certain hectareage with housing? What is the problem other than practical problems of providing broadband, utilities, services? That aside, should we be moving - do we not have to? Is this not a sine qua non, if you look at the starkness of the figures? Because nobody - sorry, I know you live in Sanquhar, Russel, but nobody particularly wants a brand new Sanquhar everywhere. Well, maybe Russel does. But I think the cases for dispersed housing all over the place rather than a new settlement in one part only, that's not going to address the challenges that we have.

Therefore, I do think the case for a relaxed planning system, challenging as it is though for the people in charge, has become, to me, overwhelming as the Rural Secretary. But if there's a will between local and national government, I don't see why there can't be a way.

The other point I just wanted to make was just to challenge our colleagues from SDS about whether they think the modern apprenticeship model actually works for rural Scotland, because there are very few large employers in the south of Scotland, and small employers find it very hard or impossible frankly, to take on an apprentice. From the apprentices' point of view, there might actually not be that much to learn from one small business as opposed to a breadth of skills that you can get from a larger urban-based business.

The model that seems to me is the ring-link model, which is a co-operative in the farming world, where young people get training and visit different farms, different skills, different types of farming, and they get an industry-led, if you like farming-led experience. This is done on a co-op model, and the co-op model is very successful and proven, tried and tested in farming. I know that you've helped me make this work so far. I didn't want to neglect to raise this topic. You probably would be disappointed if I hadn't, Damien, is that right?

Damien Yeates: Yeah, just to say the challenge is not so much small businesses because of the near 30,000 apprentices that Scottish Government support every year to start, 12,000 business support those apprenticeships. Over 90 per cent are small businesses. The issue is microbusinesses; so, as you say, one-man bands.

It's interesting in Germany, the propensity of one-man bands to support apprenticeships is very, very high, and it's due to what they call the Meister status. So, actually, the technical ability of the individual to support apprenticeships is very high. We don't have that here. So, that's interesting.

The co-operative model is the way forward in terms of shared apprenticeships. The challenge is getting somebody to own the contract of employment. So, we will support any shared apprenticeship scheme. There's a terrific one in the hospitality industry you'll be aware of, where sommelier is done by Gleneagles, front of house is done by whatever. So, the shared apprenticeship is grand, but who is the employer? The thing that's sacrosanct with apprenticeships is to make them valuable. They are contracts of employment. So, one way or another, somebody needs to hold a ticket and say I am the employer and I'm quite happy to share them out, but somebody has got to be the guarantor.

Germany is really interesting in terms of that Meister status. So, there's a lot we can learn from that.

The other programme that I really welcome, looking at the analogy from the Western Isles to here is the charter that we have with the Western Isles. So, the Western Isles are not only guaranteeing young people the opportunity of an apprenticeship, the opportunity to learn and train, they're also going to guarantee on the housing offer, which is a phenomenal offer. So, they're saying look, we'll give you a job, we'll train you and we'll either go guarantor for your mortgage, we'll give you support with design and build, or we'll give you social housing.

That integrated offer absolutely becomes a compelling offer. Imagine if that was a graduate apprenticeship, starting on £18,000 with a supported housing offer and with the option in the future, as Shona has said, for a very high-quality job. Goodness me, what young person wouldn't stay in the region?

John Swinney: I'm going to draw things to a conclusion on this section. But it strikes me that - well, the first thing I'd add to this is that, as the paper notes, we are - as a government, we are very concerned about the population situation. It's what drove our paper on migration the First Minister published just - was that last Monday? It was last Monday, yeah. The world is moving very fast. Yeah, just last Monday.

Fiona Hyslop convenes a population taskforce within the government, which brings in Ministers from across the government, because we recognise this to be a national concern. So, the debate we're having here is very relevant, and we need to reflect this debate and discussion in that ministerial taskforce.

There's sort of, I suppose, three elements - isn't there always three elements to all of this - that strike me. In no particular order, the need to make sure we have an education and skills alignment with employers and the local economy, the need to have decent economic opportunities that retain people, and the issues of planning for - I've written down here planning for housebuilding, which of course is the lazy way of talking about the fact that there's probably plenty of buildings built, we just might need to convert them into housing. Because Dumfries will have the same - in Borders, towns will have the same - you'll have the same retail challenges in town centres.

There's maybe - and I was just thinking there, in terms of the existing - I can go and get some advice about this. It strikes me that most of the incentives for new house creation are all in new house build, I would think. There'd be a limited amount of resources available to recondition buildings, to do your Midsteeples development, all that kind of stuff. So, maybe we need to reflect on that as well.

I think in amongst - in beginning to explore how do we tackle this, it strikes me those three issues are pretty central to what we need to wrestle with to get to - to make some headway, which obviously we can come back to in a future convention. Do you want to add anything else to that?

Fergus Ewing: No, I think you've summed it up very well, John. I just wonder whether we might want to add general wider question of how we use enhanced digital capacity to change and improve the way that we deliver skills learning, training, whatever you want to call it. We had the common timetable idea earlier and we had other suggestions about how things could be done here, rather than the cities. Because they are thriving in the cities and that's not much of a reason, so I just - enhanced digital capacity, how can we use that in the south of Scotland to best effect in this area of equipping people with skills.

John Swinney: It's interesting just looking at the stats, that by - prior to the digital, superfast broadband programme, the superfast broadband coverage in Dumfries and Galloway was 17%. It's now 84.8. In the Borders, it was 21%, and it's not 87%. Now, I know that's not perfect, but it's great deal better. So, there's a huge amount more digital connectivity here. But are we using it as much as we could be using it? Big question.

Okay, thank you for that. We're going to just break for 15 minutes while somebody tries to make some sense of what I've just said and then we'll come back and look at these outcomes and then we'll draw things to a close. Thank you.

John Swinney: Just to say, I'm waiting for a USB stick to arrive which will have some words on it. So, forgive me for a slight delay.

Okay, we've got some outcomes which I think are going to go up on a slide. I'm warned that - well, there is quite a lot of words because I've seen them already. So, there are a lot of words. Great. The Convention endorsed the ambition and vision for the Convention for the South of Scotland, with a particular emphasis on driving inclusive growth through engaging with and listening to local communities and local businesses. Convention members agreed the importance of shared ownership of the Convention agenda and action. The purpose of the convention should be to suggest interconnected and wicked problems and to work together to resolve them. The work of SoSEP has demonstrated partnership and hearing from a wide range of voices is important to maximise the region's economic potential. We must ensure the voice of communities in the private sector are heard and heeded in the work that the Convention of the South of Scotland takes forward.

The critical areas that members agreed for consideration at the next convention on ensuring the skills and education opportunities align with the current and future economic needs of the region and are delivered in flexible ways that maximise local people's ability to access training, that enhances their economic prospects. A paper will follow, which will include the review of mechanisms and approaches to achieve this.

Secondly, the opportunity around the national net zero ambition is huge for the region and the work on this must intensify, will identify the opportunities and challenges for the region in contributing to the net zero by 2045 target. A paper will follow at the next Convention.

Work has already started to establish a senior officers' group with representation from all members of the convention. Senior officers' group, alongside government officials, will be commissioned to take forward work before the next meeting and progress these areas and report back in September. Okay? So, that officers' group will essentially take the things we talked about, particularly those two bullet points which will be the mainstay of our agenda in September and do some developing work and give us some more specific propositions to think about in September. Okay then? Okay.

Transport and regional collaboration, the convention recognises and endorses the strong collaborative and joined-up working to date and agreed the importance of this going forward. The convention recognised the need for alignment across digital and physical connectivity including alignment between transport and digital and energy.

Acknowledging the climate change targets whilst also recognising the reality of transport decisions either in the context of the application of the hierarchies. It is important members noted there would continue to be the practical reality of reliance on vehicle movements within the rural setting. There are opportunities for innovation in the south of Scotland and using demonstrator projects for both development and application of new technology within transport to promote the economic opportunity for the south of Scotland for the green agenda. Is that us? Okay.

Then, I've got three demographics and skills in the south of Scotland. The convention reconfirmed the central importance of skills and education to the future of the region, particularly noting the crucial importance of growing the working age population. The three key elements included developing economic opportunities, alignment with employers and local economic demand, and availability of supporting infrastructure such as housing. There's a need to ensure planning rules are appropriate to the rural context and consider whether there are sufficient incentives to support conversion or repurposing of properties.

In order to consider these inter-related elements, the convention commissioned the senior officers' group to undertake work on repopulation to support the work described in outcome one on education and skills, which would form an agenda item at the next convention meeting. This should include how the community wealth building approach can be utilised within the region. The convention particularly noted the importance of an educational offer within the region that both retained and attracted working age population. SDS, SFC, local authorities, FE and HE have a particular role in developing a refreshed offer for the next meeting.

This work should build on and support current activities such as the Ministry taskforce on population and SDS and SFC's work on skills alignment. It should also look to maximise the potential of greatly enhanced digital connectivity and existing physical assets. Okay?

Right, Grant, any alterations, suggestions? Are we fine with that? Okay. Well, I think that gives us a good - let me just draw things to a close if we're content with that. That's been a really good airing of the issues, I think, today, with very open conversations which is how we'll get something out of the convention if we have an approach of that type.

We've set out some direction of what we need to look at in the future. I think the work is critical to - it engages everybody around the table, all of our organisations and that we essentially start delving into and respond to the challenge of these suggestions and we'll come back and engage in that in September, which I think is going to be over in the Borders somewhere. We look forward to that.

Elaine, can I thank Dumfries and Galloway Council for your hosting of today's event and to all of our colleagues who've led presentations and contributed? I think it's been a really welcome, open conversation that we've had, and I look forward to that carrying on in the future. Thank you.

END OF TRANSCRIPT