

**CONVENTION OF THE SOUTH OF SCOTLAND
MONDAY 28 SEPTEMBER 2020
VIRTUAL MEETING**

List of attendees

Elaine Acaster	Borders College
Jeff Ace	NHS Dumfries and Galloway
Sallie Bailey	Forestry and Land Scotland
Stuart Bell	Scottish Borders Council
Chris Brodie	Skills Development Scotland
Joe Brown	Scottish Government
Gillian Brydson	Dumfries and Galloway Council
Geraldine Campbell	Scottish Government
Joanna Campbell	Dumfries & Galloway College
Mike Cantlay	Scottish Funding Council
Colin Cook	Scottish Government
Angela Cox	Borders College
Kimberley Daly	Scottish Government
Rob Davidson	Dumfries & Galloway Council
Anthony Daye	Dumfries & Galloway Council
Rob Dickson	Scottish Borders Council
Roddy Fairley	NatureScot
Matthew Farrell	Scottish Government
Phil Ford	Skills Development Scotland
Oonagh Gil	Scottish Government
Virginia Grant	Borders College Regional Board
Russel Griggs	South of Scotland Enterprise
Nick Halfhide	South of Scotland Enterprise
Harry Harbottle	South of Scotland Economic Partnership
Shona Haslam	Scottish Borders Council
Julie Hogg	South of Scotland Enterprise
Doug Howieson	Scottish Forestry
David Ibbotson	South of Scotland Destination Alliance
Grant Innes	Heriot Watt University
Alison Irvine	Transport Scotland
Karen Jackson	South of Scotland Enterprise
Barbara Kelly	Firm of K A Kelly
Garry Legg	South of Scotland Enterprise
Catriona Maclean	Scottish Government
Hamish Macleod	BSW Timber
Jessica Macleod	VisitScotland
Alan Manthorpe	South of Scotland Enterprise
Mary McAllan	Scottish Government
Neil McInroy	Scottish Government
Julie McLachlan	North Ayrshire Council
Linda McLeod	Scottish Funding Council
Lorna Meahan	Dumfries and Galloway Council
Stella Milsom	South of Scotland Enterprise
Frank Mitchell	Skills Development Scotland
Nick Morris	NHS Dumfries and Galloway
Iain Munro	Creative Scotland
Elaine Murray	Dumfries and Galloway Council
Sharon Ogilvie	South of Scotland Enterprise
Elizabeth Passey	University of Glasgow
David Peace	Borders College

Jon Pickstone	Scottish Government
Jemma Reid	SSDA (South of Scotland Destination Alliance)
Helen Robertson	eCom Scotland
Steve Rogers	Dumfries and Galloway Council
Mark Rowley	Scottish Borders Council
Douglas Scott	Scottish Borders Council
Bettina Sizeland	Scottish Government
Hazel Smith	Retweed & South of Scotland Enterprise
Gavin Stevenson	Dumfries and Galloway Council
John Thurso	VisitScotland
Carron Tobin	South of Scotland Destination Alliance
Eilidh Todd	South of Scotland Enterprise
Fiona Waldron	Heriot Watt University
Paula Ward	VisitScotland
Jo Wawrzyczek	South of Scotland Enterprise
Damien Yeates	Skills Development Scotland

There were an additional 22 observers whose details have not been recorded.

START OF MEETING

John Swinney: Morning everyone and welcome to a slightly different South of Scotland Convention. I think in terms of housekeeping rules, let me just do a couple of things. First of all – and then I'll get Andrew just to check that I've said the right things. People should switch their cameras off if you are not participating at a particular time and remain muted if you're not speaking. There is a raise hand function which I think is in the chat area if you want to make a point or ask questions. It's probably best to have your screen on grid view and hide non-video participants from the view option on the taskbar – wherever that is – to engage most effectively. Andrew, have I covered all the housekeeping that's required?

IT Support: Yep, that's absolutely perfect.

John Swinney: Fine. Okay, so a very warm welcome to everybody and I appreciate that in some parts of the country this is a public holiday and colleagues are participating on that public holiday, but I'm not sure if any of us currently know the concept of a public holiday in the current context. Obviously, an enormous amount has happened since we last met in February and the impact of COVID struck very shortly thereafter and of course has resulted in – well frankly, everyone's situation has been turned upside down as a consequence.

We saw the launch of the South of Scotland Enterprise Agency during the course of the period since we last met and it's obviously launched in very different circumstances to those that would have been appreciated before, but has hit the ground running in facing up to the challenges that exist for many organisations and businesses in the world of employment as a consequence of the pandemic. I think we'll obviously hear in the course of today and perhaps in the next session on economic and business issues about some of that work that's been underway.

The two principle partners in the South of Scotland Convention – Scottish Borders Council and Dumfries and Galloway Council – have obviously played critical roles in the regional response to COVID and I know that for all public authorities, this has been an immensely challenging period as it is for private organisations. Both councils have quickly mobilised to help in the delivery of over £87 million of business support grants to businesses since 1st April, providing lifelines to a number of critical organisations in the regional economy in addition to the work that both local authorities have been contributing with other partners to the regional resilience effort which has been of a colossal scale.

I want to express at the outset of this discussion, my thanks to all partners for what they have contributed to the pandemic response. It has been enormously challenging, and I appreciate how difficult that has been for everybody concerned and of course we're not out of it by any stretch of the imagination yet. Indeed, face some further acute challenges at the present time.

Today's discussion is a very timely opportunity to consider where we are on some of the critical issues in relation to COVID, the regional impact and the support for recovery on workforce and skills, on tourism in the South of Scotland and on community wealth building. These are all very significant topics which we'll work through in the course of four discussions today. That's all I would like to say at the outset. As always, we'll have an open and engaged discussion here. My colleagues – Fiona Hyslop will lead the regional impact session and Fergus Ewing will lead the tourism session, Paul Wheelhouse the community wealth building and I'll lead the discussion on workforce and skills.

I'll come on to say a little bit more about the format of these sessions in a moment. Before we go any further, I'd like to – this event should have been hosted by Scottish Borders Council so

I'd like to invite the Council Leader, Councillor Shona Haslam, to say a few words if she would like to, just at the outset of our discussion. Shona.

Shona Haslam: Thank you Deputy First Minister. I'm very sorry that we couldn't meet in person in the beautiful Scottish Borders that you can see behind me, but I hope to welcome you to the Scottish Borders in better circumstances. In the Scottish Borders, as with the whole of the South of Scotland, we are extremely concerned about the impact on our businesses, our people and our community and I'm really pleased that the agenda there's various topics reflects all of those concerns.

The South of Scotland is on the cusp of a [reflective time] as well. Yes, there are challenges, but never before have we had so many opportunities. Opportunities for growth in our economy, connectivity and our ability to welcome tourists and sustainable development and focus on how we harness our young people more effectively is of particular interest to me. With the Agency finding its feet and the Convention moving forward, the Regional Economic Partnership beginning its work and the Borderlands being signed in the next few months hopefully, give many opportunities.

Yes, times are challenging right now, but we are here for the long-term. The things that we are discussing today are for the long-term not just the short-term. We will rebuild the South of Scotland to a strength that we haven't seen before and we haven't been able [inaudible], but I'm really looking forward to our discussions today so thank you Deputy First Minister for taking the time to host this convention today and I'm really looking forward to discussions. Thank you.

John Swinney: Okay, thanks very much, Shona. I think there was – we'll have to, I think, watch some of the audio today because it was a wee bit of a struggle to hear Shona there, but Shona, thank you for your warm welcome and also your acknowledgement that the agenda that we are focusing on is a critical agenda for the South of Scotland. I'm delighted that we can engage so strongly on that. If we can move onto the first discussion which is on the regional economic impacts and supporting recovery.

Now, normally in these meetings, I would tend to chair the whole thing. I don't think that's practical today in terms of the discussion so what I'm going to do is in a second I'll pass over to the Cabinet Secretary for the Economy, Fiona Hyslop who will lead and chair this discussion. Fiona can just determine who's speaking and participating and obviously I'll be observing the discussions and will come in at the conclusion of the – or towards the end of the discussion just to take us forward to the next item. I would say to colleagues, just a wee reminder that this meeting is being recorded and transcribed and a link will be circulated prior to the next meeting. So, Fiona, could I invite you to lead the next discussion on regional economic impacts and supporting recovery.

Fiona Hyslop: Yes, John and can somebody intervene on me if you are having difficulty hearing? Can I also just echo John's thanks and appreciation to everyone for all the work they've done in recent months. I'm also very pleased to attend the Convention and to see so many people involved in the Convention in this session. The economic impact of COVID has obviously been considerable and in terms of the input that we've had from everybody involved in this area, it's important we appreciate the work that has gone on to date in what are very challenging times.

This is an opportunity for us to hear more about what the impact has been in the area itself and to get that sense from you as to what that has meant in terms of the local, regional level and how we can work together on the economic recovery. Although the South of Scotland contains some the nation's best places to live I think, as we've heard from Shona there, and it has significant strengths in key sectors like farming and forestry, food, drink and textiles, pre-

COVID south was already facing economic challenges due to its population structure, limited business space and connectivity. Those issues remain and, in some ways, have been underlined or intensified by the crisis.

Now, there is no doubt that this is a very difficult time for the country and for the economy and we continue to see significant falls in GDP with crisis growth not expected to return until 2022. Many businesses have now reopened but have done so with ongoing restrictions reducing their capacity to operate and many costs remaining fixed. In recent weeks, we have sadly seen some businesses fail, causing people to lose their livelihoods they've worked so hard over many years to build and the challenges ahead are likely to be sustained and significant.

However, we have also seen flexibility, innovation and determination from business owners, employees and communities as they pivot businesses and adapt to survive in extremely challenging circumstances. Businesses like Alpha Solway and Scotmas that have begun supplying our NHS with vital healthcare equipment solving supply chain issues and retaining economic value and vital jobs in the region. We had already put in place a broad range of support and investment to develop the South of Scotland's economy to its full potential.

This includes delivering an operating budget for the South of Scotland Enterprise of £26.6 million to support businesses and strategic projects, our ongoing investment in local and regional projects supported through the South of Scotland Economic Partnership and the £85 million we've committed to the region through the Borderlands Growth Deal which will develop that tourist offer, enhance towns and centres across the region, widen access to training, develop energy solutions, boost digital capability and drive innovation.

When COVID struck, as a government we acted quickly to support businesses right across the country in delivering that £2.3 billion to sustain businesses through the crisis, protecting jobs and livelihoods. £87 million of that has been in the south, delivered with the help of local authorities and our Enterprise Agencies. That was a considerable amount of work, so I'd like to again thank you all for your delivery of those programmes.

Alongside the ongoing work of our Enterprise Agencies with businesses on the ground in the response stage, in August we responded to the Advisory Group on economic recovery and we also published a Programme for Government which launched on 1st September and together they set out a broad range of actions that will take on themes like skills, digital capability and measures to boost jobs in green growth areas of the economy to ensure a sustainable recovery is achieved as swiftly as possible.

I'm pleased to introduce today's paper on economic recovery. It sets out how the measures we've introduced will take Scotland forward. Some of those actions have particular applicability in the South of Scotland. To set the scene for discussion and given skills in tourism will be specifically covered later in the agenda, I'm going to highlight two elements that the Programme for Government have particular relevance to the recovery in the South of Scotland – green growth and digital capability. These are both areas of fundamental importance to deliver a well-being economy in the region.

In seeking to build back better, we are choosing to make our economic growth and recovery a green recovery. Whether this is about whether we choose make our investment and where, green technologies, green housing, the changing nature of work and opportunity to travel less, making better use of our digital capabilities or delivering on our net zero commitments, these are all central to that green, sustainable recovery. With an abundance of natural resources, green growth offers real opportunities for rural Scotland to develop capabilities and new industry clusters in a range of fields like renewables, maximising the value of natural capital to create quality jobs.

Over the next few years, the Scottish government will make major investments in Scotland's natural capital, creating green jobs in forestry and peatlands and in energy production and efficiency while contributing to our net zero targets. Our £50 million Green Recovery: Low Carbon Infrastructure Transition Programme will support local energy systems and demonstrate our projects. We plan to invest nearly £1.6 billion over the next few years in transforming how we heat our homes and buildings to maximise energy efficiency.

It is vital that we develop the capabilities and supply chains to keep the value of that investment in Scotland. To facilitate that, we are creating £100 million green jobs fund to build the capacity and capability of our business base in these areas. There are clear opportunities to capitalise in these investments, to develop the economy of the South and therefore create quality jobs in rural places that will attract and retain talent at the same time as addressing rural energy issues. The second theme I'd like to touch on briefly is digital capability. This is a key enabler of economic recovery and renewables, a central priority within our Programme for Government.

The pandemic has demonstrated how digital access and utilisation is essential to the functioning of our economy and society and it supports the ability of many to work from home. It also has challenges, but it also can support more people to live in rural areas going forward. At the same time, moving online has been a necessity for the survival of many businesses during the pandemic and has the potential if managed well, to open up lucrative new markets and opportunities for rural businesses in a range of areas.

To benefit from digital of course, we need to have the right infrastructure in place and people with the skills to use digital technology effectively and safely. On the infrastructure side, we're committed to enabling faster and better internet access. Our Reaching 100% R100 programme will deliver that superfast broadband to all premises in Scotland and alongside R100, we've established the voucher scheme to accelerate progress and boost consumer choice. R100 is well underway in the south and alongside our investment in 4G and further digital investment planned via the Borderlands deal, it will deliver well for the area.

In the business capability space, we are establishing a network of tech scalars to help us get more tech companies off the ground and then scale up to take advantage of the vast business opportunities that technology now presents. There is more I could say. I know I've probably said too much just now. We need to have time for discussion. I hope this forum will provide a useful opportunity for you – you know the region best – to shape the way these national strategies can help deliver the greatest benefit to your businesses, your communities and your region.

It's also an opportunity to have a better understanding of where and how we can continue to support you going forward. The COVID crisis has taught us many important things and the power of partnership is one of these things. Taking a partnership approach, putting organisational boundaries to one side to do the best we can for the region will be crucial to our sustainable recovery. The road ahead will be challenging, but if we work together, we can build back better and stronger than before. Today you're seeing the partnership in action. The Scottish government, South of Scotland Enterprise and the two councils working closely together to develop the paper and to take the area forward.

I would now like to hand over to Nick Halfhide, the chief executive of South of Scotland Enterprise who is going to tell us a bit more about the South of Scotland Enterprise work in this area before I understand Rob and Lorna from the two councils are going speak after that about the Regional Economic Strategy. Nick, I'll ask you if you can bring in Rob and Lorna as appropriate at that time. Hopefully, this will now work, and I can hand over to Nick and you'll be able to take forward the next stage of this presentation. Thank you.

Nick Halfhide: Thank you very much Cabinet Secretary and I hope everyone can hear me okay. If not, please wave or say something on the chat function. Yes, it's been a very busy six months since we opened the door, and a lot of our achievements are set out in the paper. I won't go over all of them, but there are just a few things that I wanted to highlight. Firstly, I wanted to pick up on the partnership theme. What's been really important I think over the last six months and will be really important moving forward, is how we are working together.

One of the first things we did with both Scottish Borders Council and Dumfries and Galloway Council and then bringing in VisitScotland and Skills Development Scotland, was to set up the team South of Scotland. This has enabled us to coordinate the response to COVID, particularly to share intelligence and information and to mobilise and coordinate our response. This has been particularly important for businesses and community organisations where we have been able to listen to their concerns, provide them with advice, make sure that their concerns are fed up to national government and that we were able to disseminate information coming down from national government to provide reassurance.

Often what many businesses and community organisations wanted was actually someone to talk to during the crisis. We were able to provide reassurance, point them to advice and information and to available funds. That joint working we've now crystallised in the Regional Economic Partnership which met for the first time on 18th September. Their key focus is to pull together a regional economic strategy that can continue that joint work and that coordination to meet some of those longer term challenges and opportunities that Cabinet Secretary, you've just set out and Shona you referred and which we discussed at the first Convention.

To support that, this team South of Scotland, the senior officials, we continue to meet weekly to help support the Regional Economic Partnership but also to coordinate on some of the more detailed operational matters that are raised. I'd like to say a little bit about the Enterprise Agency itself – where we have focused in our first six months. Obviously, our focus has been around COVID, the response to that. How we support businesses and community organisations to get through this difficult time. We've put particular effort into two funds – money provided by central government.

First the Pivotal Enterprise Resilience Fund and the Hardship Fund and through those we were able to direct over £12 million of fund to almost 300 businesses and organisations enabling many of them to survive which otherwise probably would not have been able to do so. What I'm particularly proud is we managed to get to the South of Scotland, not only our fair share, but we were able to increase the proportion of that fund coming to the south. One of the other innovations I wanted to highlight around that was the importance of talking to businesses. We didn't just process applications.

We spoke as much as we could to individual businesses to really understand what their need was. Not only what financial support they needed to survive, but what other areas of advice or training we could direct them towards. Within the agency, we've also begun to look towards recovery, and we've made some important early investments. Again, these are set out in the paper and I'll just highlight a couple if I may. One is £2.7 million over 5 years to the new South of Scotland Destination Alliance. This brings together all the tourism operators – movers and shakers within that sector so that they can plan out over five years and begin to deliver an increase in activity within the tourism sector.

We've also committed up to £1 million towards the Langholm Initiative's purchase of parts of the local neighbouring estate in what could be the biggest to date community purchase in the South of Scotland. The Cabinet Secretary has already mentioned Alpha Solway. People's Energy, bringing them into Selkirk. All of this and our approach over the next six months is set

out in our operating plan. One of the elements within that is the continuing crisis fund to help businesses who aren't yet in the recovery phase but who still need some additional support.

Collectively, we don't underestimate the challenge around recovery given the vulnerability of the region and the sectors within the region that are most vulnerable to COVID. We are slightly above the national average on that. We also have a much clearer emerging picture of the opportunities, many of which the Cabinet Secretary outlined and through the Regional Economic Partnership and team South of Scotland, we have a very solid route to now seize those opportunities and build for the future.

Now, the paper asks for you to discuss the key measures that we've collectively pulled together to inform the future, but before we lead onto that discussion, could I invite first of all Rob and then Lorna to give a perspective from the two local authorities.

Rob Dickson: Thank you Cabinet Secretary and Nick. Good morning everybody. I'm Rob Dickson from Scottish Borders Council. Since March, Scottish Borders Council has worked hard to establish a team South of Scotland approach as Nick has alluded to. Firstly, with our long-standing partner Dumfries and Galloway Council and secondly with the new agency. It's absolutely right to pay tribute to the work of Russel Griggs and Nick in establishing the agency in the most demanding and challenging of circumstances. It would be fair to say that Digital First has been their only option and they have accomplished much in a very short space of time.

As Nick said, more recently Skills Development Scotland and VisitScotland have contributed significantly to our work within the South of Scotland and their contributions are reflected not so much in this paper but in the papers that follow later this morning. As the council leader observed earlier, Scottish Borders Council has recognised for a number of years that a more outward looking, strategic approach to developing inclusive economic growth with partners was essential. That's why we supported the Edinburgh and South East City Deal. It's why we are working on the Borderlands Inclusive Growth Deal and it's why the council approved not one, but two regional spatial strategies at its meeting of full council last Friday.

It's why we passionately supported the establishment of the new agency and finally why we worked hard to establish the new Regional Economic Partnership that met just a couple of weeks ago. That's taken a few months to establish, but it will be an important part of our future. These are all in their part foundations for our future. It is perhaps the ultimate paradox that at a time when the South of Scotland has more opportunities to secure a stronger economy than it has had in generations, we face the greatest economic challenge of many generations, but that is why the council is so committed to the team South of Scotland approach.

We genuinely believe that only by changing our organisational arrangements can we successfully address the challenges we face and secure the opportunities outlined in the paper that we are considering this morning. In the short-term, our collective effort is required to support and sustain those businesses most in need and to retrain and upskill those individuals most in need. The paper makes clear where we should focus and it takes forward within the paper, the work that has been ongoing in recent months to support those businesses wherever the council has been able to.

That work will also build on the council's place-based approach across the Scottish Borders to both responding to COVID-19 and recovering from it. In focusing on that work, we must develop further actions that flow from the new programmes we are developing but are grounded in the reality of the opportunities that are distinct in the south and distinct in our communities. Again, the paper this morning is helpful in identifying priorities and I hope our discussion this morning can develop the proposals further to support the undoubted need for the work ahead. I'm going to hand over to Lorna Meahan, my colleague from Dumfries and

Galloway Council whose got a few further words to say in concluding the introduction to this paper. Thank you.

Lorna Meahan: Thank you Rob. Thank you, Cabinet Secretary and Nick. Dumfries and Galloway has consistently prioritised its support for local economy and recognised that our focus must be on inclusive growth opportunities that can benefit the diverse communities we serve. Our place in communities are unique and there are a wide range of opportunities which the paper summarises and which helpfully framed the discussion this morning. Engagement of our local communities and a focus on local need in our response is essential to provide the flexible support that businesses require to cover and to sustain and protect jobs and investment.

The council's economic recovery work streams, building on a team South of Scotland partnership, reflect these important factors and build on the established community and place restart programmes that are already underway, and which are reflected in our papers. We have all recognised the imperative of strong partnerships and welcome the establishment of a new agency and a strengthening of support for a distinct South of Scotland economy. Our long established partnership with the Scottish Borders Council and working with the new agency and team South of Scotland and with other national agencies has provided a strong basis for the response to COVID-19 and importantly set a pace and an expectation of how we must work together and for the benefit of the South of Scotland.

The establishment of the Regional Economic Partnership provides an exciting opportunity, even stronger and effect partnership across local, regional and national organisations to set direction and get behind a shared long-term ambition. Areas of focus to deliver a sustainable economic recovery within the paper will be familiar and as the Cabinet Secretary has outlined, the focus on green growth and digital capability are strong factors within this. Another of the opportunities identified in the Borderlands Inclusive Growth Deal and also reflect the emerging new position with Dumfries and Galloway developing a partnership with the North Channel Partnership with colleagues in Northern Ireland.

Strengthening the local economy and capitalising on our natural assets to realise the potential for the future is essential. An ambitious and a collective approach which sustains over time will be an important success factor for the partnership and make your building out from a very strong basis. Thank you.

Fiona Hyslop: Hello, everybody. I hope you can now hear me. Can I thank Nick and Rob and Lorna for their participation and if we can then now try and open up this paper and what you've heard for discussion. I was struck by the points being made about the South of Scotland Enterprise having to hit the ground running and being born digital, but I also – from what I've seen in the reports, I've been very impressed about what I see as smart, swift and sustainable responses. Sometimes to issues of need and crisis, but also, I think in looking forward as well. I think relationships are absolutely key on that.

I think the points there about the paper helping – I think Rob was saying about the paper helping prioritise issues and I think it will be really important as well. I do have a chat bar functioning if you want to identify there. I'm trying to identify where the raising a hand are within that, but I can't see it on mine so somebody might have to help me if anyone is wanting come in. I also wanted to point out, Doug Howieson I think is quite right to say the importance of forestry is captured by the paper, but it's not just seasonal incomes and I think if you look at the Programme for Government and some of the investments that we have in this area – I know from my previous visits to particularly to Galloway, the absolutely fantastic opportunity we have to really make the most of that area.

Now, I'm going to ask – I've got Rob Davison wanting to come in. He's using the chat bar and if somebody wants to message me about how to get the hands up on this, that would be helpful. Rob, can I hand over to you. You want to say a few words please.

Rob Davidson: Yes, thank you very much. Good morning. I'm delighted this meeting is going ahead albeit virtually. I think it's really important that we continue with the Convention. I see Russel Griggs is indicating in the chat that I've gazumped him, but I'll be very brief. Simply to say – so, I'm Rob Davidson. I'm deputy leader of Dumfries and Galloway Council. I'm chair of our economy and resources committee and chair for its first year of the new Regional Economic Partnership.

Look, without rehashing what Lorna and Rob Dickson have said about where we have been and how we've got here, I think the points I wanted to make was really in welcoming the suggested recommendation which I think helps to flesh out the work that we will require to do in meeting a fairly tight deadline that we have set ourselves in terms of producing a draft Regional Economic Strategy probably towards the end March next year. It was really just in the context of that to say that in terms of the way that we are going to try and do that –clearly the Regional Economic Partnership is a very large body.

Like South of Scotland Enterprise, it's digital by default. Most of its members have not met each other yet other than in forums such as this. We are one meeting in, but with a very ambitious timetable between now and the spring where we hope to have a draft strategy to publicise widely. In coming up with that, we're very keen that the partnership is a forum with which there is robust debate. We think that we will do best if preconceptions are challenged and that everyone is empowered to bring their expertise and perspectives to the table and express them freely. Something I am very keen on facilitating as chair.

I think it is very important that we have a strategy and it's reflected in the recommendations here that it is robust to unpick the issues quite forensically and that when we reach its conclusion, that everybody in that large group – which is more than 40 members, even as much as stand – will recognise much of it and have confidence in it and will themselves be advocates for it in their own sectors, within their own organisations and of course working in partnership with the government.

I'm conscious that, I guess, future Conventions will wish to have more detail by way of reporting from the Regional Economic Partnership. We are very much a work in progress. We've just got started, but we do intent to work hard and quickly on this really important task of delivering the Regional Economic Strategy. With that, I'll just wind up there I think, thank you.

Fiona Hyslop: Okay, thanks very much Rob. Good to hear from you. I can encourage people if they can use – I can see the chat bar, so if you put in a request to come in on the chat bar – if you type that in, I'll definitely see that. I have got the participants, but I'm not seeing any hands up on that unless that's Alison – no its not. Russel, I think you can come in, and again a big thank you for your leadership in obviously getting the partnership moving and the Enterprise Agency itself moving and for your oversight. Your insight I think will be very helpful, certainly in contributing to this session, but also maybe if you can give us some pointers as how you see the future as well. Can I bring in Russel Griggs please.

Russel Griggs: Thank you Cabinet Secretary and good morning to everybody. I hope you can hear me all well so thank you. Just a couple of comments. I can recall at the first meeting of the Convention of the South of Scotland, that the Deputy First Minister encouraged us as we started a new agency to be different and to be a pathfinder in many things we want to be. We didn't quite think we'd be the pathfinder in some of the things we've been the

pathfinder in, but I'm really pleased that we've managed to, along with our colleagues in the two councils, really make team South of Scotland work.

A couple of specific comments I would just like to feed into the debate. I went to the opening of the farmers' market in Dumfries a few weeks ago and it reminded me of two things which you should never forget in the South of Scotland. One is that yes, well as Nick said, we have a lot of quite large companies like Alpha Solway and People's Energy working in the south. The majority of our companies are tiny. I spoke over the two or three hours I was there at about a dozen, 15 smaller companies, but it was interesting to hear their views and how they got on during COVID.

Yes, it had been challenging for them, but they'd all come out of it more positively because what it had really forced them to do was looking at different ways to get to market, to get to their customer and that in many ways had moved their businesses forward more quickly than perhaps they would have done that in normal circumstances. For example, the two chaps that run the brewery on the Isle of Whithorn are having to double their capacity because they've done so well. Our friend who makes the pies in Dumfries is moving ahead so really some really quite positive stories for our small businesses who have looked to COVID to expand the way they reach their customers and I think as an agency that now will give us different ways of looking at that.

Also, going back to the point of the Cabinet Secretary about acting in partnership, they want as a group now to act more in partnership. Can they do things together. Can they have communal pick-up points where people come et cetera. A lot of good stuff around that. The second one is, Jeremy Sainsbury, one of our board members, has been leading a group on energy and to look at how we can get the South of Scotland to become neutral quicker than anywhere else. I think we're making really good progress on that. We've got National Grid and the other major players playing in that to make sure that it's a lot of the funding comes from that from the private sector, but to do that we have to create an opportunity which we will.

I think as we move forward in that – and we come out COVID generally, that will mean that we have to focus not just on what we can do for businesses, but what are the rules and regulations that are around that and do we need to change or ease or make them more flexible to get us into some of the opportunities that we can see that maybe we were constrained in the past for. If we really want now to accelerate towards a green economy, then we'll have to look at some of the ways we've done things in the past to see if they fit with what we want in the future.

Hopefully, Deputy First Minister, we're doing what you asked us to do which is to be different and we are really enjoying being different, although that's a challenge to some people at some point. I can see not a shining future, but the beginning of a good sunshine at the end of this for a lot of our businesses. That's not to say – and I'm sure David Ibbotson will say something later on, but we've certainly got some challenges in our tourism sector especially about those who do weddings given that we do 15 per cent of all the weddings in Scotland in the South of Scotland, but there's a lot of positivity out there as well, Cabinet Secretary.

Fiona Hyslop: Thank you very much Russel. Again, a reminder if anyone wants to contribute or ask questions, if they can come in – I think we might have Paul Wheelhouse so I might try and bring him in a bit on energy and with how he sees the prospects if I don't see anybody else on the chat bar. Stand by Paul on that. A couple of things, I thought your point about the innovation that has happened with businesses that have pivoted change and have had to adapt to getting to market in different ways. I'm also stuck though that there are other companies that have actually been busy during this period, but not had the chance or the time to adapt in that innovation and digital space.

That's something that I think we need reflect on how we support them as well. I do think that the opportunities for end-to-end in terms of energy is really important in terms of generation. The supply chain yes, but also looking at that opportunity for district heating. What that means particularly for the councils – I think there is an opportunity for jobs there and benefit so I would think that would be helpful. I think Fergus Ewing is trying to come so if I could bring in Fergus next. If Paul wants to contribute, that's fine. I'm still trying to find my waving hand bar somewhere on this. Fergus, I'll bring you in next.

Fergus Ewing: Okay, thanks Fiona. I hope you can hear me okay. First of all, could I just say that as the Cabinet Secretary that's been working with colleagues in the South of Scotland for the last few years firstly in the South of Scotland Economic Partnership and since April this year on the Statutory Body, how tremendously grateful I am to Russel, Nick and his team, but also to both Dumfries and Galloway and Borders Council for making this work and really for a pretty seamless, painless process of establishing the new kid on the block in economic development terms. I think the gestation has been very successful.

Also, I think as Rob and Nick said, the work during COVID has been tremendously proactive. I know from many discussions with people on this event today, just how you've reached out to tourism in particular over these incredibly difficult times. Reached out to speak to businesses to find out what was bugging them, to share their frankly pain and harrowing suffering during these tremendously difficult times, particularly as Russel has just said on specialist sectors like the wedding sector. I think that that role of South of Scotland Enterprise reaching out to business not just in tourism, but across the board – has been a tremendous success and I think it is absolutely essential to continue to do that.

We'll cover tourism later, but I just wanted to say a few words about the more traditional economy for which I have cabinet responsibility of – farming, forestry, fishing and aquaculture. Farming and forestry are hugely important to the South of Scotland economy and I do think that there are tremendous opportunities in both sectors over the coming years. Taking forestry first, particularly in the sawmill and panel products sector, I think there's huge opportunities to expand the existing markets in the UK. I had a conference call with the UK minister – Zac Goldsmith, who is in charge of forestry – last week and to see the greater use of wood as a building material in house building for example.

The potential to grow the market, to grow jobs, is very substantial indeed. Also, the use of technology in forestry is massively increasing in a way that's perhaps not widely appreciated. In the growth sector in forestry, we have ambitious targets to see the current new planting – so 11,000 expanded to 18,000 – and it's just possible with climate change targets that those figures will have to be further increased in a few years' time in order to meet our climate change targets. This is both a challenge, but an enormous opportunity and I know that Doug Howieson, the conservator is on the call and I'd be very interested to hear his thoughts. All in all, it's a tremendous opportunity. Also, the education resource that you have with your college and universities located, playing a great part in this. Just the last thing I want to say briefly is in relation to farming. I think it is the case that there has never really been in Scotland, an Enterprise Agency that has collaborated effectively with the farming community. That's not a matter of blame, it's just a matter of fact that the farming community has perhaps tended to get support from the EU and of course that's now likely to change forever very shortly.

I do think that the farming community in Scotland, especially in the South of Scotland and especially the younger generation of farmers – and Russel has just given a couple of examples – display a tremendous appetite to be businesses first and to diversify in all sorts of ways in their farms. If we continue, as Russel and Nick and colleagues are doing with local authority colleagues, to give a lead to reach out directly to the farming community – and it's not particularly difficult and I would like to be a part of that – then I do think that we can see the land asset in the South of Scotland owned by farmers, used to create terrific opportunities.

Especially given the R100 extension of superfast broadband which I'm sure Paul will mention shortly and also to utilise further the renewable energy asset potential in the South of Scotland. I just wanted to primarily, Fiona, to thank all the colleagues on this call for the work done so far, which has been absolutely tremendous, but to point to the clear opportunities that there are in the traditional sectors in the South of Scotland. Thank you.

Fiona Hyslop: Thanks Fergus on that. I think a number of the areas there most definitely have the opportunity for growth. I'm very struck by the opportunities if we can persuade the rest of the UK to look at their building standards and particularly in relation to greater use of wood. I work with architects as part of my responsibilities and I think there is a great opportunity there to try and get that shift and also create that market. In relation, I think also to the point about natural capital. I think – whether we'll get onto this I'm not sure in the rest of the session, but you playing to strengths is really important and across all the enterprise agencies in Scotland we can see leadership coming in different areas.

I'm excited also to think about what does that mean for the South of Scotland Enterprise. What does that mean in terms of leadership not just for South of Scotland, but also what that can provide across the rest of Scotland. I think together was high but looking at the role of the South of Scotland Enterprise in demonstrating what can be done with our natural capital. If you look at our Programme for Government, our Economic Recovery, we're looking at the four capitals and obviously traditional capital. There are also natural capital as well and so we're looking at the different types of capital we have, I can see that as an opportunity for South of Scotland to develop in that expertise as well.

I'm going to bring in Paul very briefly with the energy opportunities because I think that is going to be key again. How do we make sure that South of Scotland maximises that and then again, if anybody can let me know. I've got Joe as a test on raising his hand, but we'll look out with my assistant, Andrew, on the call for anybody else who wants to come in or indeed ask questions of anybody else that's on the call. I'm going to bring in Paul and then I'll keep an eye out.

Paul Wheelhouse: Thank you very much Fiona. Apologies, I may be having problems with my webcam on the laptop so I'm trying to fix that but hope you can still hear me. Yeah, very interesting points made around energy. Obviously, we know both Dumfries and Galloway and Scottish Borders are energy-rich areas, and they are traditionally generating far more electricity than they consume. We are moving into an era obviously, where we are looking very much more closely at not only how we generate electricity, how we make big strides forward in terms of growing our renewal energy capacity, but how we actually use that and turn that into a source of competitive advantage for Scotland and areas within Scotland.

We know there are significant projects that sit within Dumfries and Galloway and Scottish Borders. I'm thinking Glenmuckloch for example, as a pumped hydro storage facility that we'd really be keen to see developed to aid sustainability and resilience in the energy system. Equally, there are opportunities on east coast and indeed in the south-west potentially for offshore wind too. We have live funding opportunities as well through the Low Carbon Infrastructure Transition Programme – a £50 million capital funding call has just been launched last week and looking for projects, so there are opportunities for projects to be created in the region.

Clearly, we are keen to have a dialogue with all the stakeholders in the Convention of the South of Scotland around the potential for energy use and using energy as a competitive advantage. We're just about to publish in the next few months, a number of key strategic documents which will be of relevance to the region, one of which is the Hydrogen Assessment Project which is the Scottish government's analysis of the potential for hydrogen in the

economy and the opportunities that might arise from that to use the - whether it is surplus electricity generation or indeed as a core part the business in the region to create green hydrogen for use in the transport and heat systems around Scotland.

There are particular opportunities in that regard. Mr Matheson, the Cabinet Secretary for Transport, Infrastructure and Connectivity has announced plans for decarbonisation of Scotland's rail network. The Borders Rail itself, would be electrified, but there are routes, including ones in the South of Scotland and the West of Scotland that would be potentially battery trains or hydrogen trains. Therefore, there is potential for producing fuel within the region for use within the region. Obviously, the maritime sector with Stranraer being – and historic links to ferries and obviously Cairnryan, the potential for new maritime fuels to be developed potentially provided from within the region to meet the needs of the maritime sector.

There are a number of opportunities and I know that I have had some initial discussions with Professor Griggs and others about that, but I would be keen to engage with them. It just brought home just with Mr Ewing being on before me, that Landward, a television programme on BBC last Friday was showing an example of a hydrogen powered tractor so even sectors such agriculture, the potential for the region to produce its own fuel, I think is really exciting for potential use in agricultural machinery.

As Mr Ewing says, R100 has a key role to play in energy as well and in the wider economic development of the region. I am pleased to say that only 194 properties in the whole of the South of Scotland – that includes areas of Ayrshire, Lanarkshire and East Lothian – will not get full fibre from the R100 programme. As you've said, Ms Hyslop, we've produced a voucher scheme which will help those additional properties to ensure they do have superfast connections, but we have a real potential to harness the digital connectivity and the energy capabilities of the South of Scotland to power economic growth in the region. I'll hand you back to yourself Ms Hyslop.

Fiona Hyslop: Okay, thank you very much Paul. I'm keeping an eye on the chat bar. I noticed Doug Howieson has come back in. Doug, feel free to – if you want to come in and make more comments particularly about the land use opportunities in the South of Scotland, the floor is yours if you want to come in just now. Doug is obviously staying on the chat bar just now, that's fine. I'll leave you to the chat bar, you're obviously making great contributions there. Can I bring in Councillor Elaine Murray please.

Elaine Murray: Hopefully, people can hear and see me now.

Fiona Hyslop: Yes.

Elaine Murray: Thanks very much. I'm just to say, if this had been a normal meeting, I would have been leaving the house at half past seven instead of sauntering down to the conservatory at 10 to 10 so I think there is something to be said for our digital meetings. What I was wanting, I suppose, to speak about is in the conclusions – is on the digital and the need. One of the bullet points is maximising the region's digital capabilities and capacity. Now that is still a challenge. In certain parts of the South of Scotland that remains a challenge and the challenge I think, is not just the infrastructure, but people being aware of what's on offer.

Certainly, at a council meeting recently, it was quite clear that a lot of people were actually unaware of some of the things that were on offer under R100 and we need to get that message out more. The other part of that story – and I suppose it comes in under the getting the education and training offer right for the region – is people knowing how to make best use of the technology and I think that is a major issue for many people. It's actually their lack of digital skill. Now, I know Business Gateway offers quite a degree of support and educational offer with regard to digital training.

I think there is still – and we can see that in just our general use of IT – some people who are excluded because they just don't have the skills to be able to use it. I think there is a piece of work to be done there to try to find out what sort of support people need to bring them into that because it may not all be the same for everybody. A lot of it is about the levels of people's confidence and so on. In order to take the whole of the region forward as well as investing in the infrastructure, I think we need to have a fairly holistic examination of what sort of support, education and training people need including older people who are already established in business in order for them to be able take that up and maximise the opportunities that it creates. Thank you.

Fiona Hyslop: Thanks very much, Elaine for that. I think there's important lessons in there about that holistic view and certainly digital can be such an attraction. The place as well, in ensuring people live and work in the fantastic environment, but also as part of that talent retention. That skills utilisation is really key, and I think we might come on to that in some of the later sessions as well. Can I bring in Angela Cox. Angela, can you come in now please?

Angela Cox: Yeah, thank you Ms Hyslop. I just wanted to come back on the comment made by Councillor Murray and just to say that both colleges are working on a digital skills hub which will cover basic digital literacy all the way through to digital expertise because we do recognise the importance of digital skills irrespective of what sector someone wants to work in, but also just to be able to operate in everyday life at the moment. That is being developed and worked on.

Fiona Hyslop: Okay, thanks very much for that Angela. Obviously, as part the recovery, we've announced additional funding for a digital boost particularly for employers to help grow their capabilities in that area. I do think though, we need to think about enhancing those that have already made that switch. There will be some that haven't which I think is the point Elaine is coming to. Unless I get anybody else that is desperate to come, I was – please feel to comment in the chat bar and we'll find you. I'll maybe just reflect on a number of these points.

I think the point about a holistic offer for the South of Scotland as being an attractive place to live, work, study et cetera is going to be important and that means the opportunity for that promotion. I'm conscious that over 30 years ago when I was a student at the Scottish Borders College, I produced as part of my postgraduate diploma, a paper on marketing of the Borders Council for economic development. It's a long time since those days, but I'm very struck that there's a great opportunity in the South of Scotland and although COVID has presented enormous challenges, there's perhaps been a galvanising of response to try and make sure we make the most of the opportunities that we have.

I think what we've heard there from [inaudible] we can bring that together land use, but also on energy is really important. If we can keep that focus on jobs, jobs, jobs, all of these areas have the opportunity to grow jobs and importantly, I think for the population structure of the Borders, also talent retention. We have to work that talent retention as well if people want to make sure that they can get the most of the opportunities that we do have in the South of Scotland. I'm going to bring in Mark, and if any final comments before I hand back, I'll make sure that the Deputy First Minister is ready for me to hand back to him shortly. Mark Rowley, would you please come in.

Mark Rowley: Thank you Cabinet Secretary. You got to mention that you are a former resident of Gala before I did and I think when we last met you perhaps said that you'd rummage around and try and find that economic strategy that you wrote all those years ago. I welcome all of the conversation this morning. I think it's hugely helpful. A lot of it has got a very optimistic tone and whilst I welcome the Cabinet Secretary's call for jobs, jobs, jobs, can I ask all of the

partners round the table to reflect that whilst we are in the process of developing strategies and action plans and work documents and whatever, we're all here because the South of Scotland was in a not particularly brilliant place and that led to the creation of the agency.

Not because the South of Scotland was a bad place, but because it had different challenges and different opportunities too. What I'd really like everybody to think about is that whilst we were in that difficult place when we started this journey, we are now in a far more difficult place now. There are advantages that the crisis is, as Russel said, making people think differently, making people bring forward actions that they would otherwise have done earlier, but it's also having that effect in a damaging effect too. We are going to see an awful lot of redundancies in tourism over the winter because we are an incredibly seasonal economy.

Whilst I don't want to bang on about my usual hobby horse of tourism until later in the session, we have to remember that the challenges we have now are immediate and what every agency, whether it is government or councils or enterprise agencies or the national agencies that are sat around this digital table today, everybody has a real obligation to take small, immediate actions as soon as they possibly can just to help us through this. Thank you very much.

Fiona Hyslop: Mark, thank you for that. I think a dose of reality as well. I said that the South of Scotland Enterprise Agency was born digital, but it was also, I think, born into an extremely difficult time and I think we've got to reflect that. I'm very conscious that in setting forward our economic strategy way back in April, I talked about four stages – response, reset, restart and recover. Although a lot of the discussion we've got here is about recovery, actually for many people, it's still in that crisis response stage. I also talked about the movements – and I would include the councils in this as well.

The action I think in the south has been smart, swift and sustainable and I think that's what it needs to be. That swiftness will also help in that response stage, but we've also got people moving at different points and different speeds. I think there is a point that the South of Scotland Enterprise was also born into a spirit of optimism and I think that has probably been reflected by that kind of can do approach we've heard from contributors just now. It's been very helpful Mark to have that reality check as well.

I think we've got to make sure that where we are continuing, although we've got our eye on the prize and recovery, we've got to remember for a lot of people, it's about response, but also that reset, restart and trying to get back on track and to deal with the consequences that we know are coming down the line. My final word is, we want to help young people of the South of Scotland in particular and the jobs guarantee is a chance I think to try and make sure that we can help people through, our young people particularly through what is going to be challenging times.

That's my handover link I think to the Deputy First Minister who has also got a keen interest in the jobs guarantee as well, but hopefully, John, you're online to take over this session. Thanks everybody for that temperature check, but also that sense of optimism, but also rooted in the reality of the challenges that the South of Scotland face. John, I'll hand over to you please.

John Swinney: Thanks very much Fiona. It's a very timely point at which to just move our topic and just let me before I go on to the substance of this item, reflect a little bit on the discussion that has inevitably focused on the establishment of the South of Scotland Enterprise Agency and the role that organisation can contribute to the wider economic recovery within the South of Scotland from COVID. I think Russel Griggs' observation is a really fascinating one about the need to think differently and creatively and I'm delighted to see that taking its course in the work of the agency. The imperative for that is so clear because of the scale of the challenges that we now face as a consequence of COVID.

While it is interesting to hear from colleagues that while all of us are seized of the scale of the challenge, there is also a sense of optimism and confidence built out of the fact that the area has worked so constructively together to create the South of Scotland Economic Agency. There is an opportunity for that then to be at the heart of these steps to recovery. One of the elements in which that will be relevant is in making sure we have all of the appropriate skills and approaches to support the workforce and the local economy in the period going forward. I'll say a few words then to introduce the discussion on workforce and skills.

I think there's – I don't want to repeat the concerns that have been expressed in the first discussion and which the economy secretary has concentrated on, of the scale of economic disruption that is likely. What I want to assure colleagues is that that concern is very much at the heart of the government's approach and the government's interventions. That has led us to recognise that in the period going forward, we are likely to face significant challenges. The furlough scheme will be changing its character from the end of October to a proposition that is not as generous as the current arrangements that are in place.

We all understand the challenges that exist around the public finances and the difficult decisions that ministers and councillors in all public bodies face and it's no less for the chancellor. There are really challenging financial decisions, but I think in all honesty, we all realise that when the furlough scheme comes to an end and moves into a less generous proposition, there will undoubtedly be significant disruption. What we are trying to do in all of our activities is to make sure that we keep people engaged in purposeful and positive economic activity in the period of disruption.

I think we have an opportunity to – or we have a hope, I suppose, that that period of disruption will be relatively limited, but by relatively limited I mean it might be up to 18 months to 24 months. In that period, what we've got to make sure, is that we have all of the interventions available to make sure that we can keep people engaged in purposeful activities, some of which will be about the acquisition of new skills that will be critical for the next stages of the economic recovery.

Fiona and I have been working very closely on the measures which she has announced to parliament around the Youth Guarantee Scheme, the Transition Training Fund. All of these different measures to try to make sure that we have purposeful opportunities in place and obviously the expansion of places at universities and colleges. The whole development of the apprenticeships proposition is crucial in making sure that individuals are able to have access to those opportunities.

We are paying particular attention to how we can align the interventions on skills with the possibility of economic opportunities. How can we make sure that what we do in a skills investment will have the beneficial effect of lining up with new economic opportunities that emerge. That's where the South of Scotland Enterprise Agency will be crucial in working with other public agencies like Skills Development Scotland and like the colleges in the Scottish Borders and in Dumfries and Galloway, of how we can bring together our skills offering with what looks like the emerging economic opportunities. Aligning those different elements is crucial in what we've got to do.

We have a paper in front of us today. I'm going to pass over first of all to Frank Mitchell, the chair of Skills Development Scotland to say a few words of introduction. Then I'll come to Chris Brodie of SDS and Oonagh Gill from the Scottish Government to talk through the paper. Frank, would you like to give some remarks.

Frank Mitchell: Thank you and good morning everybody. Hopefully, you can hear me okay. Good. Well listen, first of all before I go in to introduce the paper, I want to give my

thanks to all the partners who we've been with in the South of Scotland to help develop our thinking. The South of Scotland Economic Agency, all the education and college partners. It's been really critical that collaboration in where we are getting to and really as we've heard, critical for going forwards as well. Genuinely, thank you on my behalf for the support from everybody in the South of Scotland with the work we have been doing here.

I think the other part of it is we're looking ahead, but we are already producing monthly a report on the current job vacancies, so what can we see in the current jobs market just now to help make sure when we are looking at skills alignment, we're looking at what we can do in the short-term as well, rather than anything too far in the distance. It's really important that we make sure to the point Mr Swinney says, that we do as much as we can to make sure we're engaging everybody in purposeful economic activity with as much confidence as we can. We can see its directionally going where we need it to go.

This is what we are trying to do here, and I'll just simply just say, Chris, briefly. We've been doing some work on the labour market and we believe, and we're going hopefully to demonstrate we're on the cusp of a significant labour market crisis in South of Scotland. We know and we believe this will impact most of them being young people. I think that analysis has been borne out already and we'll try to talk about what that means particularly for the South of Scotland. The response to crisis require a concerted and collaborative - and I've added the term, because I think I picked it up earlier on - immediate effort over the next 12 to 18 months.

Where we're looking ahead, we need to things on the ground working now and we've seen some of that already which is great. A whole team Scotland approach in what we have to do in the team in the south to get these things put in place. Key to making sure we get people engaged where we can't get them into the workplace straight away on purposeful economic activity is as much as we can see a future economic vision for the South of Scotland to make sure we can align the skills required around that to give us that match up. That's really what we want to encourage and support going on in the South of Scotland Economic Agency. Without any further comment, Mr Swinney, I'll hand over to Chris now.

Chris Brodie: Good morning, and thank you Frank, and also Deputy First Minister. If I can just echo the words we heard from our chair there and also from Nick and Rob and Lorna this morning about the power of partnership in the South of Scotland since the establishment of the agency. We've been delighted to be a core part of team South of Scotland for the last six months since the agency has been established and over the last few months, we have been working very closely with South of Scotland Enterprise, with both councils, both colleges in the region, colleagues in the Scottish Funding Council and in the higher education partners in the region to both understand the scale of the economic and labour market challenge that we are facing, but critically what we need to do to respond to that challenge.

What I am intending to do over the next five, 10 minutes to set the scene for the discussion, is just share some of the evidence that Frank referred to that we have been gathering with partners to talk through the scale of the challenge that we anticipate, but critically how the emerging national response and regional response is beginning to shape up. I think it's fair to say that the economic impact of COVID in the South of Scotland has been significant and we are already beginning to see some immediate impacts in the labour market.

Job postings in July 2020 were round about a fifth lower than at the same point last year and at the end of July, round about 24 per cent of the regional workforce was still in furlough. That equates to about 30,000 people who were using the coronavirus job retention scheme. The PACE data that we are beginning to see in terms of redundancies suggest that we saw as many redundancies planned in the first three months of this year as we saw in the whole of 2019/2020 and in additional to the official PACE statistics, we've been gathering insight from

both councils and from SOSE on companies who are potentially facing difficulty and that number is – the number of individuals facing redundancy potentially running at five to six times the official figures.

It is also clear that Universal Credit has increased significantly by something like 72 per cent in the first three months between March and July. We're also beginning to see emerging evidence that youth unemployment in particular is rising rapidly. Also, important to say though, that it is clear that the pandemic has presented opportunities for some businesses in the region. Alpha Solway in Annan has created round about 250 new jobs. Scotmas in Kelso has moved into new markets and recruited 10 additional modern apprenticeships and we know that People's Energy in Selkirk are also looking to recruit round about 100 people.

Our chair referred to an emerging – a sense that we feel we are on the cusp of a labour market crisis and I wanted just explain a little bit about why as a group of partners, we've come to that view. I think it's clear to see that the full scale of unemployment in the labour market has not played through in to official statistics and in spite of the announcement last week of the Job Support Scheme, our clear view is that unemployment increases in the region remain highly likely. We think that is down to a number of reasons. Many of the businesses who were using the coronavirus job retention scheme do not anticipate returning to pre-pandemic levels of staffing.

There's lots of evidence from survey data that businesses are operating at less than full capacity. It's clear that any additional restrictions required to protect health will likely have economic implications and there are a series of economic challenges on the horizon not least of which is the end of the transition period for Brexit at the end of this calendar year. Taking these factors in concert, we believe that we could see a steep rise in unemployment in the region or see a forecast that unemployment across Scotland could increase to between 10 to 15 per cent by the end 2022.

If you were to play that picture down into the South of Scotland, that would equate to anything between an additional 12,000 to 18,000 people becoming unemployed across the South of Scotland. What is also clear, is that this labour market shock will almost certainly impact young people more significantly, so we've worked with partners to scale the potential impact. We estimate that around 8000 young people could see their labour markets impacted by the economic impact of COVID. That includes 1800 secondary school leavers who were due to make their transition into education, training and employment.

If these impacts last for 18 to 24 months, that's an additional 1200 school students at further risk of transiting into a negative destination. We've got about 1600 apprentices in the region currently training, who'll be at greater risk of redundancy and round about 1600 college and university leavers who are all due to complete their studies in 2020. I'm going to hand over Oonagh Gill from Scottish government who is going to talk through the emerging national response in terms of labour market support measures.

Oonagh Gil: Thanks very much Chris. As Chris has just mentioned, I'm going to touch very briefly on the national response and some of the actions that have already commenced. Perhaps before, there is a slide pack that goes alongside this presentation. Thanks very much, its now appeared on my screen. I think it has been clear right from the outset that responding to the health challenges and the pandemic, that introducing the measures across the globe was going have and indeed has had very significant impacts on the economy.

Here in Scotland, fairly early on in April, the Scottish government invited an expert panel – a group – to provide some advice on those long-term impacts through the Advisory Group on Economic Recovery and that reported in June. As well as that, the Enterprise and Skills

Strategic Board were invited to establish a subgroup to consider the challenges to the labour market and provide guidance and advice on potential measures to mitigate the effect of that. That group jointly chaired by Frank Mitchell and Nora Senior responded again at the end of June and responses from the Scottish government to both of those papers have been brought forward and published. Hopefully you will have had an opportunity to see those in recent weeks.

I think much of this – or the response to that has been captured in the Programme for Government published at the beginning of this month which set out very clearly a national mission to create new jobs, good jobs and green jobs and that I think provides the context for a great deal of the work that we will all be challenged with and seeking to take forward over coming months. On the slide, you will see a little bit of further information about many of the propositions included in the Programme for Government.

Quite critically, Ms Hyslop in July announced a commitment to further £100 million to be targeted at employment support and training. £60 million of that will support delivery of the Youth Guarantee, a further £25 million to support a National Transition Training Fund for older people across the workforce, £10 million to support apprentices and who are effected by the impact of the pandemic and a further £5 million to support the partnership for continuing action on employment.

In addition, further national commitments have been made to increase the Flexible Workforce Development Fund to support digitally excluded individuals, a significant investment into green jobs and further investment into the forestry sector. All of these commitments are intended to support the mission to create new jobs and of course will have significant – provide support across the South of Scotland. That's the main points I wanted to cover along with noting the intention to make sure that proposals brought forward by the UK government, particularly the Kick Start scheme, that we ensure that the opportunities that those are delivered are also maximised and that we work closely to take that forward.

My intention now is to pass back to Chris who I believe is going to talk through some of the actions already in place by the South of Scotland. Thank you.

Chris Brodie: Thank you Oonagh. What I wanted to do is just give a sense of some of the work that has been underway over the last couple of months and again, important to emphasise that this has been a collaborative effort across team South of Scotland partners. At the heart of this has been a commitment to both generating insight and communicating evidence on the emerging labour market impacts of the pandemic on the region and in particular the scale of potential redundancies.

We've been working with colleagues in SOSE to develop that picture. We've been producing a monthly labour market insights report and also communicating monthly region skills assessment data to our colleagues in the college sector and in the wider education sector. A critically important focus of our work has been on identifying where there are immediate opportunities in terms of employment recognising that there's likely to be significant disruption in terms of the labour market.

It is clear that when you look across the data, we are still seeing significant opportunities in health and social care, early years learning and childcare and customer service, more broadly in the forestry sector and looking to the mid-term as well at the moment, seeing opportunities emerging around green energy, around green construction and in particular around digital. I think it is also important to recognise that a significant amount of effort has gone in across the partnership to redesign around elements of service delivery.

Within SDS, we've carried out targeted engagement with round about 1400 senior phase pupils at risk of transit into a negative destination. We are working with the colleges in establishing a series of pathways to apprenticeships which will support routes into employment. We are deploying a range of support to both protect apprenticeships and allow apprenticeships who are at risk of redundancy to complete their training. Angela earlier on today referenced the great work that's going on in the colleges. In particular, the expansion of the college learning and skills network to focus both on digital skills and green jobs.

We've been working our colleagues in the local authorities and the wider employability service to look at how we redesign the PACE service and in particular provide upskilling support for those who are facing redundancy. What is clear however, is that this response needs to be underpinned both by measures which protect and create employment but also a really clear vision of what the post-COVID economic future for the region might look like. Just go onto the final slide.

Just by way of summary, in terms of the key messages from the paper and indeed the presentation, it is important to emphasise that partners in the South of Scotland feel we are on the cusp of a significant labour market crisis. This is a crisis which we know will impact significantly on young people. We've done significant work to understand the scale of those customer groups. We think it is critically important that the services we deliver meet the needs of those customer groups and critically that we have a strong focus on both immediate opportunities and mid-term opportunities.

It is also clear to us that our collective response to this crisis is going to require a continuing collaborative effort not just for the moment, but for the next 12 to 18 months across all team South of Scotland partners. That early direction around the future economic vision for the South of Scotland which will emerge through the Regional Economic Strategy is going to be critical to mapping out that path to creating sustainable employment and opportunity in the future. I will pause there and hand back to the Deputy First Minister.

John Swinney: Thank you very much Chris. That's been – and to Oonagh and to Frank as well. That's been a very helpful presentation. There's just one point that I'd want to add to what was said and it's really to reinforce a point that Oonagh made which is that part of what we are trying to do is to look at all of the different options and opportunities that will emerge. Some will come from the decisions of the UK government and we are looking at those and configuring our responses around about those so that we can maximise the reach of any possible government interventions to try to create good pathways for individuals.

We are trying to create essentially a combined proposition where we avoid duplication, we use our resources effectively and we draw together what UK government schemes can do, what Scottish government activities can do, what our colleges can do, what SDS can do et cetera so we've got a good, aligned, robust proposition. Obviously making sure we get that configured in a fashion that is accessible and practical for people in the South of Scotland is critical and we acknowledge the particular importance of this in relation to young people.

I'm going to take some comments. I think I saw on the chat function already, Russel Griggs wishing to come in so we'll hear from Russel and then I'll take – if anyone else can just pop their name in the chat function and I'll pick them up. Russel.

Russel Griggs: Thank you Deputy First Minister. I guess this comes back to two conversations that I had with Benny Higgins when he was writing his report and with Sandy Begbie when he was putting in place the programme that we're now launching to do with young people. You can now see me – and it was to do with making sure that the local needs

of industry were taken into account. To accept that there are differences in how big sectors operate in different parts of Scotland.

If I can give you three examples. Where you've been approached by the food sector for example, to look at is there a way of getting young people interested in what is a very diverse sector of food in the South of Scotland. Everything from farming through to hospitality to food processing and into doing that, would it be possible for young people to be passed, if you understand what I mean, between different companies so they get a wider view of what the prospects are for career. That would mean doing something different, but again we go back to the conversation that you mentioned earlier, Deputy First Minister, about doing things differently.

I think giving young people the opportunity through this time to look at what the opportunities are, but then allows them to navigate themselves into a job. I think we trust the food sector enough to allow us to shift the people around between that. The second one is in engineering where we now have the South of Scotland Engineering Forum which has 28 engineering companies in it of a wide view from very small to very big. Again, they want to talk about how they introduce people to engineering in inverted commas, and then let the young people again see how they can get to do that.

Not just from people out of school, but young people in a school looking at internships, looking at people in their fourth, fifth and sixth years coming into their organisation. Thirdly and just quickly, in the textiles sector, they were still telling us that they would still bring people back from overseas and within their own organisations if they can train enough young talent locally to do a lot of that. I think if we do that, then what that does say though as part of working with all the partners, we have to make that as we bring in those industries and we ask them to do things that we recognise that there will a cost to them in doing some of the stuff.

For example, if the engineering companies volunteer to be a hub or a spoke for training then they are going to have to do something so it's about making sure that whatever funding we put into that isn't in a little box. That we can share it perhaps sideways with industry. Well, I just offered those three different views from three different sectors about how if we're really flexible and really recognise the region's differences, then we perhaps might be able to guide young people into a better outcome.

John Swinney: Thanks very much, Russel. Very helpful. Let me take in – can I hear from Nick Morris and then I'll come to Mike Cantley.

Nick Morris: Hi everybody. Can you hear me?

John Swinney: Yes, we can Nick.

Nick Morris: I think it was just a simple comment really that clearly, we face quite a significant challenge building on our objectives to try to draw populations into the area as well. I'm wondering how the executive group or the senior officers group might tackle the dilemma of trying to develop an agreement across housing, school, education, digital et cetera to make an offer to people who might want to move into the area so that we can offer a package to them and draw them in from urban areas.

Particularly further south we know there is a potential interest in coming to more rural areas from people living in urban areas at the moment, but how do we do that in a way that doesn't potentially discriminate against our local populations who obviously need to be protected in some way. It's more of a comment that the senior group might want to take forward rather than something that needs to be addressed now particularly.

John Swinney: Thanks very much Nick. Mike, and then I'll come to Shona Haslam.

Mike Cantlay: Yes, hello. Good morning. I just wanted to commend the paper. I think it is an excellent paper and it shows the quite extraordinary range of measures that are underway, and I think that's great. The Scottish Funding Council's role is specifically to support our two colleges in particular and the universities that are also particularly involved in the south and to ensure that they have the flexibility that they require to pivot in to the crisis. I would say that we are very much approaching just for the sake of people appreciating so many national and obviously government initiatives.

We view this very much as a crisis that will be from our side, in terms of further and higher education, that colleges are absolutely in the frontline of and we – I think, I'd certainly like to commend the work of the two colleges. You heard from Angela earlier and I think you can have confidence that your two colleges are well set to deal with the challenges that we are clearly going to face over the next few months. Finally, whilst we're looking short-term, also need to highlight that also there is a review of what we call coherent and sustainable provision.

That's basically how we want further and higher education to look over the medium to longer term over the decade or so and in a sense to take the opportunity of some of the challenges that we face to ensure that we have the further and higher education services and provision that we want to see. That work has just started, we're towards the end of phase one. There are three phases. It will take us well into next year and perhaps we should come to a future convention and look at that to make sure that through that piece of work, that we are indeed heading towards exactly what is best for South of Scotland. Thanks.

John Swinney: Thanks very much, Mike. Can I come to Shona and then I'll come to Joanna Campbell of Dumfries and Galloway College, Shona.

Shona Haslam: Thank you Deputy First Minister. I hope you can hear me a bit better now. I'll speak louder. Yeah, I think there's some really exciting opportunities both through the Scottish government guarantee and the UK government's Kick Start programme for helping with youth employment, but transport remains a significant issue for our young people and particularly with COVID when bus services have been reduced. I'm getting a lot of young people all coming to me saying, we can't get home from work anymore because the bus services are finishing a too early locally. I think we do need to look at transport. We do need to look at public transport and I think that should be a key focus for the partnership moving forward.

John Swinney: Okay, thanks very much, Shona. I think it's quite interesting also, and I know both Dumfries and Galloway College and Scottish Borders College are very much seized of this – of the opportunities to enable skills development through digital access. I was down – it must have been pre-lockdown because I can't have been anywhere during lockdown – to launch the digital network that has been developed obviously with support from the South of Scotland Enterprise. It struck me as a really transformative initiative to try to extend the reach of learning into many more communities.

I think we've – and actually COVID has – Councillor Murray made the comment earlier on that this is a much more convenient format for a discussion than having to get up at whatever it is o'clock to go to the length and breadth of the country, so we've got a means of developing some of the delivery of education that wasn't ordinarily used to a great extent before. We've got to make sure all of that is factored into the thinking, that it is taken forward. Thank you for that Shona. Joanna, can I come to you please.

Joanna Campbell: Good morning Deputy First Minister. I'll start my video, sorry. Good morning, thank you. The points I wanted to make was basically that as the college sector, both

colleges in the South of Scotland are flexible and agile and we provide multiple opportunities for those that are hardest to reach. We of course feel they play a pivotal role in the social and economic recovery through providing upskilling and retraining opportunities. I think a key word that has been mentioned earlier today is the partnership approach that has been taken.

Both colleges have worked closely together with colleagues in SDS and the agency to transform the curriculum offer that we are putting out through our portfolio to our students to adjust to the labour market crisis and also for those school leavers that are facing negative destinations. We've taken a short-term approach and we've also taken a medium to long-term approach. In the short-term, we are very focused on pre-apprenticeship programmes, the Youth Guarantee, Kick Start programme and we do to support the Flexible Workforce Development Fund packages that we have been provided with. That's very much focused around upskilling and retraining.

Very recently, we put on a whole suite of short programmes that people within the region can sign up to undertake and those have been hugely popular. In terms of the medium to long-term, we're very focused, as Angela mentioned previously, on the digital offer and on the skills that we are looking to support for the green recovery and particularly lining that up with the Borderlands Growth Deal as well. Thank you.

John Swinney: Thanks very much Joanna. Can I now come to Councillor Elaine Murray and then I'll come back to Frank Mitchell, Elaine.

Elaine Murray: Okay, thanks very much. I suppose mine is more in the nature of a comment in terms of 7.8 of the report which lists some of the strengths and mentions that the attractiveness of rural regions and the remoteness as places to work, particularly as the indications are that working from home will become much more common. Although it does already happen, and our youngest son works from home from Kelloholm in Upper Eskdale, so it is actually already happening.

One of the benefits I think that we have – I don't know if this true of Scottish Borders, but certainly of Dumfries and Galloway, is not only is it an attractive place to live, it's a great deal cheaper and our accommodation is very much cheaper. Our house prices are very much lower than they are in the Central Belt. Therefore, younger people would be much more likely to be able to afford accommodation down here than they would be, particularly at the start of their career than they would be elsewhere. I'm just wondering how maybe we can use that as one of the factors which could encourage people to stay here if they are able to work from home or indeed to move here rather than live in the more expensive parts of the country.

As I say, it's really more of a comment than a question, but I just think maybe I'm just being very optimistic, but I think that we do have some factors that we can use in order to attract people to come and stay here.

John Swinney: Okay, thanks very much Elaine. I'll come to Frank Mitchell and then I'll take anyone else that wants to make a comment. I see there's some commentary in the chat function there from Damien Yeates, but Frank would you like to come in?

Frank Mitchell: Yeah, thank you. Probably just picking up on the point that Damien said. I think – what I've observed is there's no lack of appetite to be agile and dynamic certainly with the colleges in the South of Scotland and the flexibility there and the responsiveness are down to what the job vacancy data doing is terrific and they are doing their best to do that. I was going to, just to build upon – Russel raised a point about increased flexibility, and he mentioned the food sector, engineering forum and the textile sector.

I wonder whether we can take an action today – maybe led by SOSE to really nail what we mean by flexibility across those key areas so we can understand what that provision looks like specifically and actually come back and play that back at a future Convention. That we've actually fleshed that out and what we can do with the capable resources we have to actually make those opportunities work for people.

John Swinney: Yeah, thanks Frank. I'm very keen that we get very focused about all of this activity because we clearly know that – well, we know a number of things. Disruption is with us and will intensify, opportunities are with us and they are likely to intensify as well, and we have a pool of people who we need to reskill to enable them to be able to move from the current economic disruption to the new opportunities of the future.

Fundamentally, we have to ask ourselves the questions, are we sufficiently aligned with that change within the economy and that's quite a challenge for all providers to do that. Then, is the scale of our response – and by that I mean not just what the Scottish government is doing, but what the UK government is doing, what the colleges do, what SDS is doing – absolutely everybody. Is that all aligned sufficiently – sorry, is it of a sufficient scale to be up for the task?

Again, I think I may have raised with the Convention before some observations about some of the programmes that are operated in the Western Isles for example, where the local authority has taken a leading role in providing apprenticeship opportunities for young people which also comes with a housing offer basically to enable young people to stay in the islands, leave home, contribute to tackling the depopulation problem, and also to contribute skills in essential professions such as social care and in education. That initiative has got a lot of good track record under its belt, so I think there is a lot for us to look at in that respect.

Okay – and some practical things to be taken forward beyond that. Now, Colin Cook, you're going to make a comment about digital strategy, Colin.

Colin Cook: Yes, and it was really just to pick up on the point you've just made there, Deputy First Minister. In the Programme for Government we signalled that we thought that the time was right to update the National Digital Strategy and we will be starting that process very soon. I think the challenge of that is to make sure that our actions in terms of digital skills and the things we've been talking about today are proportionate to the extent of the social and economic shock that we have just been experiencing and that we challenge all ourselves – and this goes for the colleges, for the ways in which our businesses work and the ways in which the national and local government work.

We challenge ourselves to think differently and not just to try and replicate what we did in the analogue world digitally. That we take this opportunity now to think differently about how we deliver services and really do design them around the needs of the people that we serve. There will be an opportunity, hopefully in the next few weeks and months, for local government, for all the partners in this meeting here today to try and take that debate forward and identify practical things that we can do at scale that perhaps we couldn't have done without the accelerant that has been the pandemic.

John Swinney: Thanks very much Colin. I think there is a really significant point there about the degree to which we are able to transform our activities as a consequence of COVID and we shouldn't miss that opportunity. I don't know if Damien wants to come in to say anything else. I see you're very active in the chat function, Damien.

Damien Yeates: Thanks, can you hear me okay?

John Swinney: Yep, perfect.

Damien Yeates: Yeah, just to say I think Nick captured very well the duality of what's required. The immediacy of addressing, as you say, the specific challenges in the next 6 to 12 months. I mentioned before, they are going to come in four areas. Pathways that young people who typically would have left school and gone into the workplace, they will be challenged. Those pathways won't be opened. Pathways into FE and HE have been hugely supported by the government and we will absolutely maximise all of those and as we've heard, the colleges are in a phenomenal position locally to deliver on those.

Pathways into apprenticeships will clearly be constrained and then those young people coming out of FE and HE in 2020 will find a very challenging labour market. Finally, within the labour market, we'll expect in terms of those coming out post-furlough. In the very immediate distance, working with the Programme for Government, with the Youth Guarantee, with Kick Start, we have to make sure that we have opportunities that are facing into people in terms of either connecting them to the workplace or putting them on pathways to connect to the workplace. That those options are available and there.

I think the flip side then, as Nick was hinting at, the duality about looking to the future, it's always been the case that distance and distributed working has been a constraint, but what we now know is that COVID has blown a hole in that and there is an amazing opportunity with the digital capability in the south region to reimagine how work is delivered from the south region. People working from their locality can do work anywhere in the UK or anywhere in the world, but equally through the work that the colleges are doing, any young person can do any curriculum in any job design anywhere in the world locally.

Currently, we're running a programme between the colleges in Glasgow and in Edinburgh to support specific jobs in the financial services sector which remain in demand in Scotland. Young people in the south can undertake that training and can do that work from the south, so I think without being too pessimistic about the horrible challenges that are in front of us, COVID has really blown a hole in the sense of distance is a big [detractor]. Then building upon the quality of living in the south region.

I mean, if we can communicate to the world that you can live in an incredible environment, that you can gain education in an incredible environment and actually you don't need to travel hundreds and hundreds of miles, then that becomes an amazing proposition for attracting young working-age families into the region and retaining young people in the region. That's the promise for the future and we need to work on both, I guess, is the message I want to get across.

John Swinney: I think that captures perfectly, Damien, the sense of opportunity that comes out of the disruption that's going to come with COVID and it's crucial that that all gets woven together into a strong proposition which I'm sure we can do. Okay, anyone else wanting to come in before I draw things to a close? I think there's been a lot of really good contributions there and I think it's – I would sum up the conversation by encouraging a very clear leadership of the challenge that we face coming out of COVID.

That we are aligning skills interventions with the changes in the economy that may come and then maximising the use of digital opportunities to take forward this agenda and to try to pursue the scale of the opportunities that Damien has just talked about in that contribution which I think gives us a lot to focus on. We'll draw together some of the thinking that comes together from the discussion we've had this morning. Can I ask Frank, Chris or Oonagh if they want to add anything else in closing this session?

John Swinney: Frank.

Frank Mitchell: Yep, just briefly from me, I think, is to echo we have to align what we have to do in the medium to the long-term. It's really critical we take action now in the short-term as well so that it's not only the blended response around what you discussed, but also that they're making sure that they're focusing on both the short-term and medium and long-term together in a way we can have a transition between them. That's all I wanted to comment on.

John Swinney: Thanks very much. Chris or Oonagh?

Oonagh Gil: Thanks Deputy First Minister. Just to echo the points that Frank was making just there and acknowledge the real importance of that collaborative approach to ensuring that we really do what we can to make the most of the opportunities that are available and align the resources with where they are going to have the biggest effect.

John Swinney: Thank you. Chris? Right. I think we're not – I'm not hearing Chris there. Okay, that's grand. Okay, well look, we'll work out some actions arising out of that and we'll focus on those in the discussions later on. That brings us to the end of our morning session which I think colleagues, despite the fact we're not in the same room, has been just as engaged albeit through digital technology so thank you all for your contributions. I'm being encouraged by my team say to you to keep your link into this conference while we're breaking for lunch now from 12 to one – to keep your systems logged in although to go on mute and to stop your video.

We'll reconvene at one o'clock with the discussion on tourism to be led by Fergus Ewing.

We'll reconvene at one o'clock. Okay, thank you very much.

John Swinney: Right. Hello, everyone. I think that's - I hope you can hear me, and we're now able to get started onto the afternoon session. Thank you all for being able to participate. We're going to start this afternoon with a discussion on tourism. Obviously, absolutely fundamental of the South of Scotland. I'll invite Fergus Ewing, the Cabinet Secretary for Rural Economy and Tourism, to lead the discussion, and he'll be bringing in a number of colleagues including the Chair of Visit Scotland, John Thurso. So, Fergus, over to you.

Fergus Ewing: Okay, thank you, John. Just lost you for a moment there, but thank you very much indeed.

John Swinney: Fergus, if I could - I'll let you run this session, okay? I'll be here to pick - I'll be obviously listening, but I'll pick up when you're nearing to the end, okay? But on you go. You run it all.

Fergus Ewing: Okay. Thanks very much, John. Good afternoon, everybody. We've had some good discussions this morning about recovery, but I think I probably should say as Tourism Minister that it's difficult to overestimate the level of impact that COVID has had on tourism businesses, and that applies in the South of Scotland as it does in many other parts where tourism has played a leading role in the economy. So, the impacts have really been very significant, and as I alluded to earlier, I'm very grateful to local authority colleagues and to South of Scotland Enterprise staff for so efficiently dispatching the financial support, totalling £2.3 billion.

In particular in the South of Scotland there was one aspect which I think you did that may not have, at least initially, been adopted elsewhere. That was, when a business did not get a yes,

did not get from the PERF or the Creative and Hardship Tourism Fund support, there was a clear explanation given, and a personal discussion that took place. That, I think, was a particularly good move in line with the proactive support that I mentioned earlier.

In order to prepare for recovery, I decided to set up a taskforce, which was set up in July and I'm pleased to say that, after having done a power of work, is about to produce its recommendations to the Scottish Government, with a number of recommendations for the short and medium-term recovery, with particular emphasis, I think, on the next nine months, which will prove to be critical.

Whilst, of course, we welcome the recent announcement by the Chancellor of the Exchequer about the continuance of the job support package, as the Deputy First Minister said earlier, this will be on a reduced basis, and it's not yet clear whether this will be sufficient to protect a number of people who, during furlough, were able to continue without losing their jobs. But we do welcome it as a constructive move, and I do have constructive dialogue with Nigel Huddleston, the Tourism Minister, with whom, alongside colleagues in other devolved administrations, we've had six or seven regular conference calls during lockdown and seek to discuss things on a non-partisan basis.

So, the taskforce will provide recommendations on a national level, but today I think it's an opportunity in the next 45, 50 minutes, to hear the perspective from the South of Scotland. So, I'd like to start by passing to Lord John Thurso, Chair of Visit Scotland, and then bring in Paula Ward, the Regional Leadership Director for South of Scotland, and between us they'll provide an overview of data that they have gathered, and outline how the sector in the South of Scotland has been impacted, as well as what opportunities there could be for us all to support recovery. So, if I could start by passing to John Thurso to lead the discussion. John.

John Thurso: Thank you very much indeed, Cabinet Secretary, and good afternoon everybody. Can I begin by echoing some of the comments that were made this morning regarding partnership working, something we at Visit Scotland value very highly. Very happy to be part of Team South of Scotland. In a moment I'm going to ask Paula Ward, who is our lead for the area, to talk to the paper we put out, and then after that introduce David Ibbotson, who is the inaugural Chair of the newly formed South of Scotland Destination Alliance, and I'm really delighted to have such a prestigious and distinguished hotelier in that role.

Today's discussion will provide members with a review of tourism in the South of Scotland, how it's been affected by COVID-19, and outline some suggestions as to how its recovery can be supported by the convention. COVID-19, as the Cabinet Secretary has said, has had an absolutely devastating impact on the tourism and hospitality sectors. Critical to the survival of many businesses has been the support received from the Scottish Government, and indeed from the Westminster Government, without which, without two sets of support, many businesses would have gone under.

Looking at what we can do to help businesses in the immediate future is, of course, absolutely critical, and we will look at that later in the discussion. It's also vital to keep an eye on how we build and invest for a future post-COVID, and the taskforce which I've been serving on, the Cabinet Secretary's taskforce, is looking both at immediate work and the longer-term future.

Tourism has always played a critical role in the South of Scotland. Historically, it's been an important element of the economy. It generates economic wealth, it sustains a significant number of jobs, and provides sustainability for many communities. It's strategically important because of its scale, its reach, its significant growth in recent years, its geographic spread, and it represents a critical opportunity for future economic recovery. Crucially, tourism is often one of the few real opportunities for economic activity and employment in the more rural areas,

and nowhere is this more true than in the South of Scotland. It's central to the economic resilience of many localities and communities.

The South of Scotland Destination Alliance was constituted in early June, and received a significant funding boost representing some £2.7 million over the next 5 years from Team South of Scotland partners. SSDA will play a pivotal role in unlocking transformational change in tourism in the South of Scotland and, as I said earlier, I'm pleased to welcome David Ibbotson as the inaugural Chair of the newly formed South of Scotland Destination Alliance, and convey our commitment to partnership working with you and your team in the coming years.

So, let me now hand over, please, to Paula Ward, and ask Paula to present the paper. Paula.

Paula Ward: Thank you, Lord Thurso. Thank you, Cabinet Secretary. Good afternoon, everyone. I know many of you that are on the call today. So, I am the Regional Leadership Director, and I've worked in the South of Scotland representing the tourism sector for the last nine years. So, I know these businesses personally. It's been a very traumatic experience for them. We've seen other global situations that have had a devastating effect on tourism across Scotland over the years, but I would say that the knock-on effects on mental health and wellbeing of the operators is felt so acutely in the south because this is their business, they've built it from scratch and they're watching it go to ruin at the moment.

So, the Cabinet Secretary has highlighted the importance of the tourism sector in the economic makeup in the South of Scotland. It can't be overstated. The sector is one of the major economic enablers. It employs just over 12,000 full-time equivalent jobs. That doesn't take into consideration the number of part-time jobs and the flexible working arrangements that are also available, and that are so significantly important within the rural economy.

From the SEAM data, I guess one of the cruellest things about this devastation that has been caused by the global pandemic is that it comes on the back of a period of strong growth. So, we've seen about a 35 per cent increase in overall expenditure from the tourism sector since 2009, however we've seen the very vast bulk of that come within the last five years. We had quite hard trading conditions from about 2009 through to about 2015, but we then really saw the sector behave in a really robust way towards growth.

In 2019 we had about 4.6 million visits taken, and it absolutely - as Lord Thurso says, it's central to the economic resilience of communities right across the length and breadth of the South of Scotland.

Going forward, it's really important that we understand the financial effects of what we've had. So, financial effects were overwhelming and immediate. From the lockdown restrictions being introduced on 23 March, the aviation and the travel trade sector were at a virtual standstill. Based on the national scenario planning and the economic work that's been carried out, it's fair to say that we've got a hypothecated figure of about £188 million from 23 March through to 15 July as lost revenue in overnight stays. However, that doesn't take into consideration the day visitor revenue that would be generated, or the additional money that would be generated into the supply chain, so that £188 million is a hypothecated figure based on the baseline information that we've got from the national economic scenario planning.

At the moment, in the South of Scotland we have 280,200 furloughed employees. If we were to make an assumption that 11 per cent of those come from the hospitality sector, which is the average of the number employees that are employed in the South of Scotland within our sector, it's fair to say that we've got approximately 2900 people currently on furlough. The consultation period is now live for businesses to start the consultation period about the end of furlough. Early indications indicate that we've got in excess of 1000 jobs potentially at risk at

this present time, however there are still a number of businesses that don't have a number applied to them as yet, and that's just an indication.

In terms of the business support interventions that were activated, it's been mentioned by a range of people, from Nick Halfhide to Professor Russel Griggs, right the way through to Cabinet Secretary, that Team South of Scotland were able to activate almost immediately. It was really hard for the Economic Enterprise Agency, you know, newly formed, switched the lights on on 1 April, and we were right in the middle of a COVID crisis, and we had to immediately ramp up the team. So, we worked together to identify list of businesses that could be in that pivotal supply chain that, if they didn't come back, then we wouldn't have a product to be able to create supply for the demand once it starts to recover.

At this present time, we know that roughly around £15 million of tourism funds have been dedicated through the programmes that are available, however there still are the small grants funds and other funds that have been allocated to tourism businesses, and we don't have the full figure for that again.

One of the most important parts to highlight is the information that we got from Chris Brodie and his team this morning, and the work that they've been doing through Skills Development Scotland. One of the key challenges or concerns that we have for our sector is that there is a significant concern that unemployment at this current time has really been delayed rather than avoided, and we'll start to see that come through.

There are issues around recovery. We have higher exposure risk if there is a global recession. There will be permanent changes to consumer behaviours. We're seeing right now, with further outbreaks, then you have to go into further lockdown restrictions, which creates this stop-start approach to the businesses being able to open fully, to recover fully, and I appreciate we absolutely have to operate within the realms of making sure that our populations, and our residents, and the people that - our citizenships are safe and well.

One of the things that we fear most is widespread business failure. With business failure, we're left with bankruptcies. We're left with no investment pipeline. The balance in the rural economies is very delicate. Due to the nature of the operators, we don't have portfolio investors, we don't have assets that can change hands quickly should those operators go under. These are lifestyle businesses, small/medium-sized enterprises, but they're owned and operated by residents of the areas, and it's difficult to replace that. It's difficult to replace the skillset. It's difficult to replace the community knowledge that those operators have, because they operate and serve their communities as well as welcome visitors. So, we would have a permanent reduction in the workforce, but also that loss of skills.

It's been highlighted a couple of times today that we are significantly concerned about the wedding sector. So, 15 per cent of all weddings in Scotland take place in the South of Scotland. As an industry it's worth £18 billion to the UK economy. I don't have a figure at a Scottish national level, but it's safe to say that the knock-on effect into the tourism and visitor economy from that wedding sector is significant, and what we're hearing at the current time from the operators of those venues and of those assets is that actually consumer confidence has hit an all-time low. They're now going through the process of having to refund enquiries for 2021, and actually consumers are not confident enough to start looking at 2022 as a possible booking space. They're skipping that year altogether and looking at 2023.

That plays somewhat in direct conflict with the update that we had from the economics teams at the Scottish Government, which is indicating that the recovery could properly start in 2022. So, for that weddings market, they may not see that uplift until 2023 because of consumer confidence.

The other flashpoint we have seen over this summer has been with the easing of travel restrictions, and the fact that some areas remain closed, or some experiences remain closed to visitors. We're seeing a further increase in behaviours to beauty spots and increase in party camping behaviours, and I don't think that these people that are taking part in this behaviour are inherently bad. I think they're looking for an outlet, and because their normal places to go and take part are closed and not operating, they're going out into the countryside, and they need that real work with the education process on it. I think that presents us with an opportunity.

However, our industry, when it's been supported in the right way, we've seen it through foot and mouth, we've seen it through 9/11, we've seen it through the volcanic ash crisis, our industry is creative. They are innovative. They don't shy away from hard work, and they really know how to put their nose down and be successful. We do have much to be encouraged by. First and foremost, we have a Team South of Scotland approach to both the tourism and visiting economy, and we are one of the first regions in Scotland that made a landmark financial commitment to the development of both destination markets and destination development this year.

We've subsequently seen additional awards being made by Highlands and Islands Enterprise, but South of Scotland Enterprise and Team Scotland partners were first to make sure that the visiting economy is well backed and funded, and that came off of a previous funding programme that Scottish Government had committed to over the last three years through their programme for government.

In terms of the Scottish Government Tourism Recovery Taskforce, they've identified the three pillars for stimulating demand, business support, and sector investment, and across all three of those pillars we have irons in the fire. So, in terms of stimulating demand, we have marketing activity that already had budget allocated to it, and it's primed, and it's ready to be reactivated so we can be in that space with the UK domestic market. In terms of business support, we know that we're currently working through what the next stage of financial funding and support will be. We also have the Rural Tourism Infrastructure Fund which should be activated and is in play. Then we also have landmark capital infrastructure investment opportunities that come with borderlands. Those promises were made before the crisis, and they will pay dividends after the crisis. They will help to rebuild the tourism economy.

Significant strengths also lie within our inherent strengths in the South of Scotland. Included within the paper is a long list of reasons why we are great, and why our areas want to be innovative. We are easily accessible. 14 million people can get to us within a four to five hour drive time. We've got some of the best hero products available anywhere in the UK. We've got unique designations. We've got a proud and passionate people. We are operators. In a qualitative and quantitative study that was carried out last year on social listening, our businesses performed above national average across all segments of food, drink, accommodation, and visitor attractions or experiences.

One of the other opportunities that presents itself to us is that we actually have a lower, I guess, reliance on the international market, and the fact that the aviation sector is currently at a standstill for international inbound travel, our UK market was always a great fanbase for us, and we have the opportunity to take full advantage of that.

Finally, one of the most, I guess, transformational opportunities that presents itself to us is the formation of the South of Scotland Destination Alliance. It's a key driver. This is a moment for change for us, and it's such a shame that the formation of the South of Scotland Destination Alliance has come at this time, right in the midst of crisis management. If COVID hadn't been here, we would have been so buoyant, and the sky would be the limit for us, but at the moment we're going to have to have a short, a medium, and a long-term approach to recovery for the

South of Scotland, but we are invested over the long term by having a five-year agreement in principle for the first stab in place for the South of Scotland Destination Alliance. But I've got no doubt that that will become a long-term part of the make-up of the South of Scotland partnership structure.

The most important part of the paper today is to ask members to recognise the importance of tourism to the economy in the South of Scotland. We hope that the members are taking note of the contents of the paper. We ask you to acknowledge how tourism has increased in its importance both over the historical period and going forward pre-COVID, but now that COVID exists, and it's here, and it's part of our operational delivery, we hope that the members and the member organisations acknowledge how tourism will continue to place a significant part.

We want the members to recognise and support the South of Scotland Destination Alliance, and the partnership commitment that South of Scotland Enterprise has made to the sector, and also most importantly to consider how your organisation can work collaboratively to overcome any potential barriers that we would identify for growth going forward. That will be a moveable feast. The challenges will not remain the same within the next six months as they do over the five-year period, so it's to make that long-term commitment to consider how your organisation can commit to destination development and management going forward. It's also to provide commitment from Scottish Government and all the national agencies, including Visit Scotland, because we're absolutely part of this process, and from the convention members, to tourism for the South of Scotland.

Happy to hand back now to you, Cabinet Secretary.

Fergus Ewing: Thank you very much indeed, Paula and John, for excellent presentations. I thought there was a great deal of useful information in Paula's presentation about the particular facets of tourism in the South of Scotland. Now, can we pass to the recently appointed inaugural Chair of the Destination Alliance for the South of Scotland, which initiative was an early initiative taken by SoSE, and I think a very good one. So, could I congratulate David and thank him for taking on this role, particularly as he brings with him an enormous wealth of experience of tourism in the South of Scotland and elsewhere, and ask David to describe the work that his group is going to be carrying out, the role it will perform, and give his reflections. David.

David Ibbotson: Hello. Can everybody hear me, or see me? Thank you, Cabinet Secretary. My wife Sian and I took over Knockinaam Lodge in February 2003, coming out of foot and mouth and the crisis that that gave the region. My colleagues in Glasgow and business friends from the city were really incredulous. They couldn't believe that I'd gone into the south. Far too risky, I was told. One of the banks told me that Scotland actually started in Perth. Our first guests at the hotel were a film crew making a series for Channel Four called *Two Thousand Acres of Sky*. It starred Michelle Collins, and was about a couple leaving England to live a new life on a small island off the coast of Skye. It was filmed in Port Logan, Port Patrick, and in the Galloway hills.

Reputedly, it gave Skye and the islands a major tourism boost of over 100,000 visitors. I asked the cameraman, who has become a regular guest with us, why didn't they choose an island location to film? His reply, the South of Scotland has the same beauty, better light, and no tourists to get in the way.

Now, as it was 18 years ago, the region remains relatively unknown. The potential, however, is enormous, and as we come out of our COVID lockdown there has never been a time when people crave the outdoor space and freedom that the South of Scotland has to offer more than today. It is right on the doorstep of 14 million people across the central belt of Scotland and the north of England. This is why I'm so incredibly excited by the formation of the South of

Scotland Destination Alliance, a properly funded industry-led destination management and marketing organisation for the South of Scotland.

Our ambition is simply for the South of Scotland to become a year-round, world-class destination and, by doing so, grow tourism spend across the region to £750 million by 2025, and by £1 billion by 2030. That's a five per cent year-on-year growth from our 2017 base. In doing so, we'll create an additional 6500 jobs. In the next five years, we also aim to be financially self-sustainable through memberships, sponsorships, partnerships and commercial agreements.

As Paula has illustrated, our region has been underperforming for years, although the last three years saw a distinct lift in visitor numbers and spend. COVID-19 has quickly wiped the optimism out of our region's industry. 2020 has been written off, and 2021 is full of unknowns. The latest restrictions of 10 o' clock curfew and the reduction in household and group numbers mean this massively important wedding sector could be wiped out. Our self-catering sector, which did bounce back in July, is now faced with cancellations, especially the larger properties which can now only take one household. This is happening as we enter the shoulder season and enter winter.

With the job retention scheme drawing to a close, significant redundancies are inevitable. We anticipate that we are back in 2010 levels, and business tells us that the recovery will take up to three years once we return to normal. Our ambition of £750 million spend by 2025 remains our goal, as we believe the region has an unprecedented opportunity to thrive as we reach a new normal in travel and tourism.

As one united DMMO, the SSSDA will play a critical role in the recovery, future prosperity, and the sustainability of the economy of the south. This is the first time our two areas have come together as a single destination. It's time that we did things differently.

We'll be leading, influencing, and coordinating the development, management, and marketing of the South of Scotland as a leading tourism destination, creating a world-class experience for domestic and international markets, stimulating innovation in tourism product development, product differentiation and diversification, promoting and encouraging the development of the tourism industry in the south through activities of benefit to visitors, business, and the communities, and ensuring tourism is represented at the highest level within the region, working in partnership with our two local authorities, SoSE, and Visit Scotland to provide a coherent strategic approach and vehicle for the delivery of national, regional, and local tourism strategies.

Our £2.7 million funding award from SoSE earlier this summer provides our industry with a huge opportunity to recover, grow, and thrive. Our five-year programme totals just under £4 million spend, and we are grateful for the support from Visit Scotland, Scottish Borders, and Dumfries and Galloway Council in our first year, and the belief that SoSE has placed in us over the five years.

We have the resources, assets, and optimism to do something game-changing for the whole region, with a focus on place-making, people, digital capability, and sustainability. We have bold and ambition goals that, with business, industry, community, and partnership at the heart of what we're doing, the potential really is enormous.

So, where are we now? Well, things are moving really at a tremendous pace. The SSSDA was formed, formally constituted as a cooperative and limited company in May this year. I was appointed as the inaugural Chair of the SSSDA at the end of August. We have a board of directors in place, formally the the South of Scotland Leadership Group from Visit South-West

Scotland and Scottish Borders, who formulated the original strategy following a pan-south-of-Scotland summit event last summer.

All our directors are working in the industry across the region from a diverse range of sectors. We have issued three surveys to industry, giving us very valuable insights into how this pandemic is impacting our sector. Working with SoSE, we launched our Twinned With tourism business and community campaign as lockdown lifted, seeking to reassure everyone of a safe return to business.

We have recruited a dynamic team of three agents out in the field, led by our ball of energy, Gemma Reid. They're fully on board with the strategy and up for the challenge. We have a series of business-to-business webinars being rolled out this and next week to help businesses better understand who we are and how to engage in all our activity. We will then be offering a one-to-one business support from next week. The team have targeted December to have our membership system up and running, and our digital marketing framework in place under the brand Scotland Starts Here.

Initially an app and website, this will have region-wide visibility and promotion amongst UK and international travellers, and builds on the work progressed by MBTAG over the last three and a half years. Long-term marketing strategy and campaigns are being developed in conjunction with Visit Scotland. We have high-impact domestic and UK Scotland Starts Here marketing activity currently earmarked to start in March next year. However, this may change depending on how things evolve. We have a travel trade specialist on board, and will shortly recruit our digital marketing manager. The next piece in the jigsaw is to recruit our chief executive officer to drive the team forward, someone with a commercial background, an entrepreneur and a visionary, who can see a different way of doing things.

We've set up a framework under the four pillars of industry leadership and capacity building, industry engagement and business readiness, destination development strategy and planning, and our brand, Scotland Starts Here. As a board, we will continually monitor our goals and set targets under these headings. We will be true to ourselves, our industry and values, and we will be banging on the door of the public sector and Visit Scotland to make sure we are engaging, working together, and maximising everyone's budget.

This is a real opportunity for us to reassess and work together. We need to do things differently. Scotland really does start here.

In summary, if tourism in the south is to succeed, it has to become everybody's business. As a key economic driver for growth, we will make tourism a major part of the conversation as the south recovers and evolves. While being industry-led, we understand that communication, collaboration, and partnership working with the public sector and local and national tourism organisations is key as we work to create a thriving and prosperous region.

We propose to establish a South of Scotland strategic tourism advisory group with these vital partners as a forum for this critical joint working activity, and we'll work with our industry, educational sectors and other business sectors, enterprises, and our communities to harness the entrepreneurial spirit of our region, mitigating the value of tourism and ensuring everyone understands their role in the place-making fundamentals of the sector. We fully believe that we have a once-in-a-generation opportunity in front of us with the resources, energy, and ambition now in place for five years, and despite the stop-start prospect posed by this dreadful pandemic we are ready to deliver what the South of Scotland really does deserve.

Thank you very much. I'll hand back to the Cabinet Secretary.

Fergus Ewing: Sorry about that, I'm just trying to master the technology. It's a kind of pyrrhic victory at best, but thank you very much indeed, David. I'm just reflecting that the fact that the destination organisation has been appointed so quickly, I'm not sure it would necessarily have happened if SoSE hadn't existed, and I do think that the direct support that you'll be able to provide to businesses one-to-one on all sorts of things, marketing, management, digital, and so on and so forth, will be extremely useful, although of course in the context of the bigger issue of the COVID restrictions and the business constraints that, sadly, that imposes.

I'm going to ask for Andrew [Crowther's] help to identify those who wish to contribute, but I did see comments from one or two people. I think Shona, maybe, to start off with, and if Andrew could help me out in identifying others who wish to come in then I'll do so. Maybe we could start with Shona.

Shona Haslam: Thank you, Cabinet Secretary. Yeah, it was just a comment about the tourism [unclear].

Fergus Ewing: I don't know if you can speak up, Shona? It's...

Shona Haslam: Sorry, I'm having real sound problems today. It was really just a comment about the events industry.

Fergus Ewing: That's better.

Shona Haslam: ...so much in terms of tourism in the South of Scotland, and I just wonder if that's [unclear] looked at.

Fergus Ewing: I'm sorry, I didn't quite catch that, and I can't see if Andrew is helping me with.

IT Support: So, we do have another comment from Mike Cantlay, but what Shona initially said in the comments was, one sector that has been hit particularly hard is the events industry. Can we have a comment on what additional support is being considered for this sector.

Fergus Ewing: Right. We'll try to bring forward the comment.

IT Support: Ms Hyslop is saying that she could possibly answer this question. I would like to invite Ms Hyslop to comment.

Fergus Ewing: Fiona Hyslop and then Mike Cantlay. Fiona.

Fiona Hyslop: Yeah. Thanks very much. Just to say, on the events side, you'll be aware that we receive consequentials of £97 million. Can you hear me?

Fiona Hyslop: Okay. So, we had £97 million of consequentials which were meant to be for culture and heritage, but because of the specific importance of events to Scotland's economy - I think that's the point that Shona's making out there as of concern - I very swiftly moved to allocate £10 million of that for events. Now, £6 million of that is already being allocated for the supply chain in events. That was one of our biggest concerns.

There's an events advisory group been established. Peter Duffy of the Scottish Exhibition Centre chairs that, along with Events Scotland, and it is an industry advisory group that has led on that, on the criteria for allocating the funding of that. That has actually avoided those that have already received funding from the PERF and from the Creative Leisure and Tourism

Hardship Fund. Remember, those are unique to Scotland. So, we've tried to identify funds also to see what we can do in terms of supporting pilot events, because pilot events will not be cost-effective, we know that, but we need to test what can come - what can be delivered, and learn lessons and share them.

Obviously, the current situation that we're in means that those have been put on pause just now. It's important that we can try and develop that sector so that we know when it does come back, how it can come back safely. That's part of our commitment. I'm very conscious, though, that we need more. I'm disappointed at the Chancellor's statement. There's obviously not an autumn budget that we can necessarily get consequential for those sectors that are still remaining closed, and events is clearly one of them. So, I'm acutely aware of that. I've held some of the funding of the consequential back. I think it might be needed for either the cultural venues or on the events side of it, but we, I'm afraid, are just having to find resources from our existing resources. It doesn't look as though there's anything coming down the track in terms of consequential.

So, hopefully that gives you some idea of what we're doing in that area.

IT Support: Thank you, Ms Hyslop. I'd like to now invite Mike Cantlay to give a contribution.

Mike Cantley: Thank you. I was just going to offer a comment on behalf of Nature Scotland Scottish Natural Heritage. I share the frustration of Paula and David, talking about 10 years of booming success and then COVID, and now the challenge itself in South of Scotland, but we have to play to our strengths. The strengths of the South of Scotland are clear to me reading the paper, a combination of green recovery and tourist recovery. Sustainable, nature-based tourism projects are littered through the paper, and are a real strength that we can build on. So, it's frustrating. We are where we are. As we move forward, I do believe that the combination of green recovery and tourism recovery go hand in hand. The South of Scotland the opportunity to lead the rest of Scotland in this area.

David, you said banging on the door of national agencies. Well, come bang on our door. We're with you.

IT Support: Thank you, Mike. I do not have anybody else wanting to comment at the moment, so if I could pass back to Mr Ewing, please.

Fergus Ewing: Lovely. Okay. Well, thank you very much. I mean, if there's no one else to come in, I do think that the paper that has been circulated outlines many of the positive points to promote demand in tourism in the South of Scotland, and a huge number of advantages that the South of Scotland has, not least the proximity to a massive market of £12 million. By contrast, in the Highlands and Islands, which also has a heavy component and reliance on tourism, the Highlands and Islands are quite distant from population centres. So, one of the comparative advantages the South of Scotland has is its proximity to a mass market.

Perhaps with fewer people deciding to venture to continental Europe on holiday in future years as, perhaps, a legacy of COVID, I think we can very much look to supporting marketing effort and demand from our friends, for example, in the north of England, as well as all of the central belt area. I very much endorse what Paula said, that one of the real frustrations was that in recent years up to COVID, great strides were being taken forward by local businesses, but on the other hand I was struck by Paula's analysis that many of the businesses in the South of Scotland are essentially family businesses, and therefore they are dependent upon the continued ability to receive lifeline hardship financial support.

Whilst that support has been forthcoming, as we have all discussed, and well administered, and efficiently administered by SoSE and both local authorities in relation to the initial grant elements, I think the impression I'm getting now is that the benefit of that financial support is either running out, or has run out, or is about to run out. Therefore, I think we do recognise that continued support is required, and the restriction of the furlough scheme to a job support package with the innate restrictions that were announced by the Chancellor is something that does cause us concern, although it is a package that is welcome as far as it goes.

I wonder if I could, maybe before passing back to the DFM, ask if John Thurso wishes to make any final comments in relation to the discussion that we've had. John.

John Thurso: Thank you, Cabinet Secretary. I just wanted to pick up on two things that really have come out of the discussion. Clearly, we have a drastic situation at the moment, and what keeps me awake at night is that when we get through all this, we'll have lost so many businesses we won't actually have a supply for the people who want to come, so the work that you've been doing, and governments have been doing, is so vital and critical so that we actually have got the supply side of the economy when we come out of the other side.

But what encourages me is some of the web discussions I've been having with people in other countries. I did the St Andrews Society of Los Angeles the other day. They are dying to come back to Scotland as soon as they are able to do so, and what attracts them is what's always attracted people to Scotland. It's the wonderful strength of our environment, and our people, and our culture, and our history. At the core of a lot of work that we're doing at Visit Scotland at the moment, building on what Mike said, is looking at responsible tourism, which is a combination of going green, but also about working with communities.

I do feel that tough as those times are at the moment, which they absolutely are, we will come out the other side, and investing in that future is absolutely pivotal. What we're trying to do at Visit Scotland is help people now, but do the work to be ready. A lot of it you already know, Cabinet Secretary, because it's in the draft work of the taskforce. But we must balance our worry for now with our requirement to invest for the future. It's absolutely central.

Fergus Ewing: Thanks, John. I think Mark Rowley indicated he'd like to speak. Mark, do you want to come in now?

Mark Rowley: Thank you, Cabinet Secretary. Paula gave us a really good paper. Certainly, all of the strengths we've got are going to be fantastic when we get through to the other side of this, but can I just remind everyone around the table just how seasonal tourism is in the South of Scotland. There's been much talk in the pandemic about how this will be the year of three winters. We're now heading towards the end of that. So, can I make a plea for everybody to actually look at, even if it's only small things, what bodies can do now to help? I've been particularly disappointed that the speed of some of Historic Environment Scotland's properties, even though there are challenges opening up, was really tricky.

It was encouraging to hear from Ms Hyslop about support for the events sector, but now really isn't the time to be holding back consequential, I would suggest respectfully, for a rainy day that's coming, because it's already rainy out there and we need to do everything we possibly can right now. I would ask ministers while I've got them here that with the suggestion that the 10 o' clock curfew was more symbolic than based on science, will they go back to the First Minister and look at that, because that has a hugely detrimental impact on food service businesses, and particularly restaurants, who effectively stop taking money and bookings at eight o' clock on a Saturday night because of that.

Also, if they could look to have a bit more flexibility with the holiday rental sector. I'm not sure that the confusion recently has helped, and certainly it's a big part of the economy down here. Everything over two-bedroom properties is now in peril. Thank you.

Fergus Ewing: I'm just going to make one comment, John, before bringing you back in, and that is something that was touched on very briefly about the Rural Tourism Infrastructure Fund. That is something that the Scottish Government has been very supportive of, and I think is recognised as a good fund, and therefore one of the recommendations of the taskforce is that we look again at that and see if it might be possible to boost the funding available under the RTIF, working with local authorities and others to allow improved facilities in terms of parking, toiletry facilities, litter facilities, ranger services, and things like that.

So, I just thought I'd mention that because I think it could be particularly important to the South of Scotland. So, thank you very much for the discussion. I think, in view of the time, I should perhaps pass back to the DFM to find things up. John.

John Swinney: Okay, thank very much, Fergus, and thank you to colleagues for that discussion. If I could just give a little bit of feedback to Mark's points at the end there about the regulations, I would assure colleagues that none of the regulatory changes that we're entering into - to lightly, or in any way for symbolic purposes. We have to take very strong public health - very clear public health advice to act in these circumstances. The challenge that we have, fundamentally, is coming out of the degree of interaction where it's between people, particularly within households, which is where the no visiting households argument comes into play, which obviously has an effect on the self-catering sector.

What we are trying to do is tackle the rising cases to protect medium-term economic activity, because without that it will become a much greater problem, and then we'll have an even deeper economic challenge to face. So, I can assure Mark and all colleagues that we are looking very carefully at all of that evidence in these cases.

So, we'll move on to the last session, which is on community wealth building. I'll invite Paul Wheelhouse, the Minister for Energy, to take forward this discussion. Paul, I'll let you take over and just run the conversation, drawing in participants as you need to. I'll come back in towards - if you could be finished by 2:40 at the very latest, please, Paul, and I'll come in just before that. Okay?

Paul Wheelhouse: Thank you, DFM, and we'll keep an eye on the clock. I'll just say at the outset, before I give my introductory remarks, I'll be keeping an eye on the chat function as well, so please do, as in previous sessions, colleagues, let me know if you want to come in. If we could invite - I think everybody has got their cameras off, so thank you, for the presentation.

So, I'm delighted to be introducing the next agenda item on the community wealth building, and I hope you've had the chance to read the short paper on this, paper 5, in advance of the session. Colleagues will recall the Advisory Group on Economic Recovery in its report in June recommended this approach to ministers, and our programme for government commits us to work collaboratively with a fixed number of localities, including partners in South of Scotland, to produce individual community wealth building action plans that are tailored to the specific opportunities and challenges of the locality, and are focused on practice.

So, in short community wealth building is a concept that has been growing in popularity, because it challenges us to look at how we can use existing investment to optimal effect to do more to support our local communities and businesses. I noted earlier remarks from Professor Griggs and Nick Halfhide regarding more than 90 per cent of businesses in the south employing 10 or fewer employees. I know that the South of Scotland has been identified as one of the areas that the Scottish Government would like to work with to develop a set of

actions that could improve SME access to public-sector contracts and strengthen local supply chains, so I'm certainly eager to hear more on this.

Our presenters today have a great deal of experience in delivering community wealth building and the role of anchor institutions such as local authorities and key businesses. I'm sure you, like me, will be keen to hear more on this.

Our first speaker is Neil McInroy, the Chief Executive of the Centre for Local Economic Strategies and, as of July this year, part-time secondee to the Scottish Government. Neil has worked with a number of UK and international partners to advance community wealth building, and we're pleased to be able to draw from Neil's experience to Scotland's benefit.

Neil will be followed by Julie McLachlan from North Ayrshire Council, who will share some lessons and insight from the council's journey to become the first community wealth building local authority in Scotland, which I'm sure will be of great interest to the Convention of South of Scotland members.

So, if I could first of all invite Neil to kick us off, and then bring in Julie after that, so over to you, Neil.

Neil McInroy: Thank you, Mr Wheelhouse. I'm delighted to be here. Thanks for the invite to this important event. Andy, could you put the first slide up, please?

IT Support: It is up on your screen.

Neil McInroy: Oh, sorry Andy. Great, thank you. It's been a delight to be seconded to Scotland as community wealth building advisor. It's been 10 weeks. It's been really busy, and despite not seeing any of my colleagues in 3D, they've been really, really supportive and helpful, so thanks to everyone that I've been involved with so far. It really is a privilege to help, in a small way, the effort to create a wellbeing economy in Scotland, so thanks for the opportunity.

The Deputy First Minister this morning talked about how the pandemic and climate emergency has created disruption, and that it will intensify, but also, he introduced the idea that we need to get on and there will be opportunities. I think community wealth building plays into that message very well. It's really about trying to realise human and community ingenuity and creativity. It's about growing and supporting private-sector activity, particularly those businesses that have pivoted and changed because of the pandemic, to support those ones that are distressed, and also the important point that was mentioned in the previous session, how we maintain supply.

It's also important, community wealth building, as a means to ensure that every single pound that Scotland has in the public purse across all our agencies and institutions is used for the benefit of the people, communities, and businesses of Scotland. Next slide, please, Andy.

Just very briefly, what we're actioning with community wealth building in Scotland. We'll hear from Julie in a moment, and it's already been developed now in North Ayrshire. The Scottish Government is assisting the rollout of community wealth building in five areas, including South of Scotland. Now, the message here is very much to be nimble and to be light on its feet. It's trying to find four or five key actions we can deliver quickly in those localities, get them going, show how good they are, highlight it, learn, and then repeat. It's a kind of snowballing methodology, if you like, and that's what we're working towards in those five localities.

Also worth mentioning, though, that we need to coordinate community wealth building as a link to a whole range of other Scottish Government policies. So, last few weeks we've been

talking to people in tourism and housing and so on, how it links across Scottish Government, and also how it links and dovetails with other public, private, and community stakeholders, including national agencies. Next one please, Andy. Thank you.

This obviously, community wealth building plays into and sits within, underneath if you like, the wellbeing economy aspirations for Scotland, and I suppose in some way it's seen as a means of actually the practice that would help to deliver that. That's certainly my experience of 12 years so far in community wealth building across the UK and elsewhere. It's very practically focused, and it's delivering a different type of economy that maxes on social, economic, and ecological justice. Turn the dial, if you like, on the aspirations of how an economy functions, and who an economy functions for.

A little bit about - next one please, Andy. A little bit about what community wealth building is, and why we're doing it. Well, clearly there is structural economic change in light of climate change - crisis and the global pandemic. We'll need a reset to the economy. This could potentially be worse than the '80s in terms of structural economic change. We'll need to think about the economy in a whole different way. Community wealth building offers that. Also, green jobs, green in the economy and so on, is so vital.

You could see community wealth building as this idea where it's an approach to economic development that hotwires those virtuous, beautiful things into the economy. Wellbeing, inclusion, social and environmental benefits, into how the economy actually functions. It focuses on wealth, and particularly wealth, the defining feature of all economies, where does it go? So, it focuses on wealth.

Community wealth building of course, that traditionally we've thought about economics and economic development as about redistribution after wealth is created. Community wealth building turns that on its head a little bit. It's also about how we think about wealth before it's actually created, realising at the very outset how more of us, the people of Scotland, the communities, can have a stake in the economy, not just as wage earners, but actually in the production of things in a much more virtuous way in terms of ownership. Next one please, Andy.

Another way to think about community wealth building is very much to go - a metaphor, really. Community wealth building is like economic plumbing. It's like - if you think about wealth in the economy, wealth and money, as a hydrological system, if you like, we're interested in the leaks, the flows, the loss, the receptacles, the burns and the streams, and how it all flows virtuously through the people and the communities and our country. So, it's about plugging some of those leaks. It's about ensuring there's better flows to local businesses, local jobs, and also, we've got these receptacles that can capture, that circulates, rejuvenates, and nourishes the economy as it works.

So, it's about plumbing. How do we plug the leaks, increase the flows, and have these receptacles to capture the wealth in the economy? A key aspect of this - next one please, Andy. A key aspect of this is ownership. Community wealth building aims to grow the number of people who have a genuine ownership stake in the economy, an interest in SMEs and community ownership models, particularly because these inclusive ownership models are seen to have fairer distribution of profit income, can have more equitable working practices, and have a great affinity to place and community. We know, across the UK, that small local firms generate 50 per cent more benefit to the local economy, so it's a multiplier, than large local firms. Next one please, Andy.

In this is a key role for the large anchor organisations in our places. The education providers, local government, housing providers, police, and so on. Of course, in the South of Scotland you have the Borders College, you have the Dumfries and Galloway College, as key anchors,

and of course you've got Team South of Scotland. So, there's many ingredients we have here in the South of Scotland anyway, but these anchor organisations are important. They're not going anywhere. They've got their stickiness, in a nice way. They're inert in a nice way. They've loads of financial, economic, intellectual, social, and human capital they could realise to the benefit of the economy. They buy things. They employ people, and of course they're land and property holders, and often investors too. Next one please, Andy.

There's five key pillars of community wealth building. I won't go into much depth with these. They're very, very important, though. One is about finance, increasing flows of investment within local authorities by harnessing and recirculating wealth. Scottish National Investment Bank, the Borderlands Growth Deal, and so on, are vitally important in ensuring we're maxing in terms of the benefit to the local economy.

Socially just use of land and property, developing ownership of local assets, perhaps held by anchor institutions, and obviously the recent activity around Langholm Moor, Midsteeple Quarter in Dumfries are very important to this.

Progressive procurement. Spending. Developing supply chains of enterprises likely to support local employment and wider social and ecological aims. Obviously, I think the Cabinet Secretary highlighted the Alpha Solway this morning in Annan as an example of that progressive procurement activity.

Fair employment and just labour markets. The workforce. Using anchor institutions to improve the prospects of local people and real living wage, and the Deputy First Minister this morning also mentioned the Western Isles, and linking apprenticeships to housing schemes and the role of the local authority there, a fantastic example of how you create fair employment.

Finally, this point I mentioned, building an inclusive economy through different forms of inclusive ownership. Next one please, Andy.

Now, we often get some questions that are maybe in your mind at the moment as you're hearing this presentation. People say, well, is this zero-sum? It's not about growing the economy. Well, the retort would be that of course, it very much is about growing the economy. It's about developing capacity for varying loops to local economic growth and resilient economies. It's increasing the opportunity for more ingenuity, creativity, and business and enterprise to come into the marketplace by supporting them as much as we possibly can.

Some people say we're doing it already. Well, we are doing this already, and that's one of the great attractions to Scotland. Its fine sets of policies, and many of the activities associated with community wealth building, we're doing it anyway. But the point here is scale and depth, working more penetratively and intentionally with those five anchors, and much more - five pillars, in a much more different way.

Some people say it's all about procurement, local spending and buying local. Well, it is that, but of course there's those five pillars. The others, land and property assets, finance, workforce, and this inclusive ownership point are all important aspects of community wealth building.

Some people say, well, it's just about social economy or community development. No, I don't think it is. I think it's very much about economic development, and changing and altering the economic system so that it truly works for us and our communities.

Other people say, well, it's protectionist. Well, in no way is it protectionist. It's fully complementary with European procurement law around procurement activity, and it's actually

trying to encourage more supply. It's actually trying to make more competitors and more entrants to the marketplace to compete for public-sector contracts. Next one please, Andy.

I think - I'm speaking with the South of Scotland board on Wednesday, and I think there's huge opportunity for community wealth building in the South of Scotland. I think it's been alluded to by Russel and others that 91 per cent of businesses in South of Scotland employ less than 10 people anyway. There's a rich tapestry of this type of relational, local small businesses in the South of Scotland.

There is already a commitment to fair work as part of the SoSE remit. There is progressive procurement activity going. I've already had a conversation with SoSE procurement department, and good best practice been emerging there. Imaginative use of land and property, including community ownership. Already, it's happening. New investment for progressive wellbeing ends, the Borderlands activity. The trick now here is to build on what's happening already, to implement deeper, to embed, amplify, and scale the existing community wealth building that's taking place in the South of Scotland. Next one please, Andy.

The next steps. We'll be talking about these this week. There's a number of options. We don't quite know what the option will be for South of Scotland, but we'll explore them more over the coming days or weeks. There could be an option to identify and celebrate what is happening across those five pillars I outlined, and scale and amplify where possible. Let's see what we can really tackle and get going really fast. We could think about SoSE itself in terms of some of the work of SoSE, and how we embed the principles across the work of the new enterprise. We could work with specifically local councils on the action plans, or we could think about a particular sector or theme such as housing across the whole of Scotland, and see how that could adopt community wealth building processes. Next one please, Andy.

So, that's all from me. I'll pass you on to Julie now. Thank you for listening, I hope that was informative, and I'm looking forward to some questions and discussion afterwards. Back to you, Mr Wheelhouse.

Paul Wheelhouse: Thank you, Neil. As you say, very, very thought-provoking, and I hope that colleagues who are online will be thinking very much about what you've posed there, Neil, in terms of the two questions that were at the end of paper five. But if I can, I'll now bring in a colleague, Julie, just to bring us - Julie MacLachlan, who's the Senior Manager in Economic Policy at North Ayrshire Council, who's going to take us through the experience of trying to implement community wealth building in the North Ayrshire context, which I'm sure will be of great fascination to us all. So, over to you, Julie, and thank you for joining us.

Julie McLachlan: Thanks very much, Mr Wheelhouse, and thanks to Neil for that presentation as well. So, what I'm going to do is set out a bit of background about our community wealth building journey in North Ayrshire, and what our priorities are for delivering community wealth building. I'm delighted to be able to present to you today, so thanks very much for that kind invitation. If we could just have the next slide please, Andy? Thanks.

So, community wealth building was at the heart of our council plan when we launched it in 2019. We worked very closely with Neil and colleagues at CLES to undertake a community wealth building diagnostic for North Ayrshire, and essentially what that diagnostic said was, look at the five pillars which Neil outlined, and find where North Ayrshire is or was on that pillar, and provide recommendations for how we can become a community wealth building council.

We then established a community wealth building commission following the launch of that report, and that brought together some of the key local and regional anchor institutions in North Ayrshire, and has now been expanded to cover more of the Ayrshire region with East and

South Ayrshire Councils now joining the commission as well. That's really looking at, how do we embed the principles of community wealth building across anchor institutions in the region? It includes partners like NHS Ayrshire and Arran, like Scottish Enterprise, like the third-sector interface as well, and developing our strategy, which I'll say a bit about.

We've engaged with our six localities in North Ayrshire, and we've also engaged across council services because I think it's important to recognise that yes, community wealth building is economic development, but all council services, if you look at it in the context of a local authority, can play a role in delivering community wealth building from procurement, to HR, to property management.

For us in North Ayrshire, community wealth building is about a new economic model which is focused on enhancing wellbeing and inclusion. In May this year we launched Scotland's first community wealth building strategy, and that sets out our community wealth building mission for North Ayrshire, which you can see is around enhancing local wealth, creating fair jobs, and maximising the potential of all places across the region through working in partnership with our local communities and our local business base. If we could just come onto the next slide, please?

So, our strategy sets out six objectives for delivering community wealth building in North Ayrshire, and I'll say a bit about each of those. The first one is about becoming a community wealth building council. So, this is touching on every service having a role to play in delivering community wealth building. It's not just the responsibility of the Economic Development Department. It's about all services realising that they have a role in supporting the local economy, from the goods that they buy, the people they employ, the assets and land that they own as a council, but also changing the way that we work in partnership with local businesses and local communities, and working with our wider anchor institutions in the region through the commission to embed community wealth building.

Procurement, as Neil said, is a key part of community wealth building, and we've committed to using our spend as a local authority to actively support our local business base, but beyond that, supporting our businesses to ensure that they can bid for public-sector contracts, whether that's for North Ayrshire or another public-sector organisation, and looking at our local supply chains. How do we make them more resilient? That has an economic and social benefit, but also, importantly, an environmental benefit in terms of net zero. So, how can we create more resilient local and sustainable supply chains?

The second aspect is fair employment, and this is about encouraging the creation of not just any job, but fair jobs, meaningful jobs that have progression opportunities, and that unlock the potential of all of our residents through recruiting from excluded groups. We undertook an exercise in partnership with the Scottish Government a few years ago, an inclusive growth diagnostic, that identified some of the most excluded groups in North Ayrshire. Some of those were those that faced health barriers, females, and young people. So, how do we look at, how do we recruit more inclusively from those groups and use that lever to create a more fair, inclusive local economy?

We also look at our land and assets and think about how we can use them in different ways that support the wider regeneration of our communities, and helps tackle longstanding issues like vacant and derelict land, like town centre regeneration, and also thinking about supporting capacity building and community ownership. How can we use these assets to support us to tackle climate change as well?

Financial power. So, we've committed to investing locally as a local authority. How do we encourage other regional and national institutions to invest in our communities, and how do

we look at more progressive financial initiatives such as credit unions, and also exploring things like community banks?

The final objective is around supporting the creation of a more diverse range of business models in North Ayrshire, and more inclusive business models. So, locally owned companies, social enterprises, supporting employee ownership transition, supporting the development of cooperatives, and also community enterprise as well. Next slide please, Andy.

So, the strategy is very action-oriented. It sets out 55 actions for how we will become a community wealth building council. We won't deliver all of them on our own. We have to support and enable our communities and local businesses to support us, and we also have to work in partnership with our wider anchor institutions as well. So, I've just pulled out some of the key actions here to draw to your attention.

So, as I've mentioned, encouraging business bases to bid for public-sector contracts, and supporting them to, but also asking them to look at their local supply chains. Could they spend more locally as well? Ensuring that all anchors across the region adopt a fair work approach and that we become a fair work region. Reviewing all of the land and assets that we have to explore alternative uses. A more longer-term one is looking at the feasibility of a community bank, which would create a more inclusive local financial system, and promoting a wider range of more diverse and inclusive business models. Next slide please, Andy.

I just wanted to highlight a few examples of community wealth building in practice. One is support that we provided to a social enterprise on Arran, Woodside Farms. We've worked with them to enhance their capacity to be able to provide food to a local high school on Arran. All of the food provided for that high school comes from this social enterprise on Arran, so some instant benefits there both in terms of creating jobs for that island community, the social aspect, and also environmental and sustainability aspects as well.

In 2017, the council created a community investment fund, which devolved budget to our locality partnerships, and they're able to develop proposals for how they want to spend this money. So, one example was Three Towns Growers, in one of the most deprived areas in North Ayrshire, who bid for that money and used some of it to create an environmental education officer to promote their allotment project. So, wider benefits there, not just economic but also environmental too, and community ownership and community empowerment as well. If we could just come onto the next slide please, Andrew.

So, I just wanted to turn to the next steps, and I guess this is the important part, because it's all very well outlining an ambitious strategy, but how are you going to deliver it? That's the really important part, and that's what will make a difference to local communities and local businesses? Particularly at this point, I think it's worth reflecting that we put out this strategy in May of this year, during a global pandemic and in the midst of a major recession, and the purpose of that was really to say that community wealth building will be how we do economic development in North Ayrshire moving forward. This is how we want our local economy to look. We want it to be fairer, and we want it to be more inclusive.

We created nine new roles to support the delivery of community wealth building. This involves allocating business support advisors to localities. We're supporting community regeneration, and supporting communities to be able to realise their ambitions for the places that they live through delivering regeneration. Maximising our approach to community benefits. We do some great things with community benefits. A lot of organisations do, but we think we could take it a step further to benefit our local communities, and looking at supporting our business base and our local companies to enhancing their capacity to bid as well.

As part of our economic recovery and renewal, we've outlined our approach where we will build back better, greener, and fair, through community wealth building, but also through a green new deal to tackle climate change at the same time. A key piece of work that we'll be releasing within the next few weeks is our community wealth building anchor charter, and that's developed through the Community Wealth Building Commission, and will set out a range of pledges our anchor institutions in the region will sign up to, to commit to embedding principles of community wealth building to support the local economy and support economic recovery as well.

We've established an expert advisory panel chaired by Wellbeing Economy Scotland, and that will challenge our work, build on national and international best practice, and ensure that we are delivering what we set out to do in the strategy.

Finally, the Ayrshire Growth Deal. So, the Scottish Government have supported the creation of a £3 million community wealth building fund, which will support a community wealth building approach within localities across Ayrshire, and will also support a programme to establish Ayrshire as a fair work region, but beyond that £3 million, the Ayrshire Growth Deal £251 million. We want to see that whole total as a community wealth building fund. How do we ensure that all of that money sticks to the region and creates a more inclusive local economy? Next slide please, Andrew.

I just wanted to finish up by just reflecting on some of the key lessons from the journey that we've been on to develop the community wealth building strategy, and now moving into delivery, and I hope that these are useful for other partners in other areas that are considering embedding or embarking on this approach. It's important to set a vision with buy-in because this has been sometimes a new thing so it's important that everyone has an understanding of what it is, and has bought in to the ambitions of the place.

Sometimes anchors don't realise the power that they have from the things that they do on a day-to-day basis, whether that's buying goods and services, whether it's looking at regenerating a building, whether it's employing a member of staff or putting in place a new training programme. It's important they recognise the economic power that they have, and are able to collaborate on that.

As I've mentioned, community wealth building and wellbeing in general is about working across a range of silos focused on place. It's important that communities understand this, because it won't be me as a policy person that delivers community wealth building. It will be our communities and businesses. We need to think practically as well, as Neil's mentioned. This is about the practice. It's about what we do, what we deliver, and building awareness and knowledge, and showing quick wins so people believe in it as a concept. So, for example, what has it meant to a local business by securing a local contract? How has that then created jobs that have improved the prospects of a local place? Challenging and feedback is key as well.

So, I'll hand back to Mr Wheelhouse. I'm happy to take any questions if that's helpful. Thanks for your time.

Paul Wheelhouse: Thank you, Julie, that was a - sorry, I think there's a bit of feedback on the mics, but thank you, that was genuinely fascinating, and I think lots of inspiration there, I think, for us all as to what you're doing in North Ayrshire, and I commend you for the efforts you've made already. If I can, just as Julie was teeing up there, I've got a couple of colleagues already in the chatroom, Roddy and Russel, who've asked to make points. In the case of Roddy, you'll see in the chat that he's given a couple of really good examples from Dumfries and Galloway that seem very relevant looking at natural capital, but maybe just I'll invite Roddy to comment on those.

But if you do have any questions for Julie or Neil, if you could just perhaps flag them up in the chatroom that you want to speak, and then come back in. Over to you, Roddy, to start.

Roddy Fairley: Thank you, Paul. Yeah, so I've these two examples that I've put up there, but I suppose to generalise from these two examples, and maybe I could just say a little bit more about the Galloway and South Ayrshire bias here, because it's a body that I'm familiar with that is actually striving, you know, to do this more strategically. How do we create that virtuous circle between the value of the environment that people are working and living in, and the way that it can then generate wealth into the wellbeing and wider population, and then feed it back into maintaining and growing, indeed, the quality of the environment?

The two examples I've given there are doing that in their own relatively small way, but I think there is huge opportunity actually to begin to explore, through the sorts of systems that Julie was just talking there, as to how we could actually big that up into a much more significant part of the wider rural economy, and it's not that difficult to do, really.

For a start, people really need to begin to understand the importance of their environment to the brand of their marketing, and then begin to generate real value from that particular brand. If we work collaboratively, as has been shown in biospheres elsewhere in the world, you can genuinely begin to create an identity that does genuinely begin to seriously add to the attractiveness, and therefore the value, of the products that people are trying to market and sell, whether it's in the service economy or within the manufacturing or the food or whatever else.

Other examples, we already have heard about the Steeple Quarter in Dumfries, and how the Stove Network are working assiduously to try to regenerate a town centre, but equally, they are adept, really, at beginning to generate a wider value, and contribute to a real economy through that interest in, and the value of, the natural environment through festivals like Nithraid, or the one that's currently running, even although everything's in close to lockdown, about the return of the wild geese, and the way in which the geese themselves are a part of our winters, but are a fantastic spectacle that people - actually can be used to generate new visits and therefore generate new value too.

So, there's a wide range of these sorts of activities going on down here, but we just need to take the bellows, you know? Investment in the right place could genuinely begin to hugely increase the value from these sorts of activities.

Paul Wheelhouse: Thanks, Roddy. It's good to think very much about the very strong natural capital assets that the region has. I'm very struck by the - we have just to remind people, we've got 14 minutes before we have to wind up and hand back to the Deputy First Minister. I think it's a good point to bring Russel in. I notice, Russel, obviously that Neil said in the outset, that - think about it in terms of economic plumbing and how we stop leakages from the region. I know that's something very important to you and your colleagues. What are your thoughts on how this could be applied in the South of Scotland?

Russel Griggs: Yeah, excuse me. The comments I wanted to make, Paul, is that community wealth building, it's like tourism. It's for everybody. We shouldn't just think about it tied up in the public sector. If I can give you very quickly three examples. Shaw Carpets, who are the biggest carpet company in the world, took over Sanquhar Tile Services about two years ago, and apart from paying £15 million to buy the plant, they wanted to spend £5 million locally doing up the properties. What that's done is, because they've done that, that's encouraged all the carpenters and the plumbers and the electricians in the area to come together and understand how to bid for bigger contracts, act as partnerships, act as a cooperative, and that now is allowing them to go onto other things.

Without that £5 million at the beginning, they probably wouldn't have gone down that road. That takes us across now to where we're working with the seven registered social landlords that we have in the South of Scotland. We've asked them, and we've just about got all the data, to come to us with what all their maintenance contracts added together would look like, what their next five years' building contracts might look like, so we can start to show some of the supply sector and the supply people in the South of Scotland that there are big contracts out there, that they should think beyond the small, individual RSLs and what they could do, and the RSLs are now talking to each other about how they might share that supply base and how they might do it together. That's good.

The final one is, and Neil talked a bit about what the potential around Langholm Moor was, but if you go to a much smaller one which is Sallie Bailey and I's at the moment in the South of Scotland where she's up the Ettrick Valley, which is you look up there about what a community buying a small steading and turning it into three houses can do for a community, if they get three families, which I'm sure they will do, with kids into that area, that'll keep the school open. That'll do all sorts of other things.

So, we shouldn't just be wildly thinking this is all about money at the end of it. It's about what it adds in its widest dimension to the community, both at the beginning when it allows people to look at things in a much bigger way, to what the outcomes are at the end.

Paul Wheelhouse: Thanks, Russel. That's a great example of - I think we see a lot of that in the Highlands and Islands, the kind of examples you've alluded to there in the Ettrick Valley, the small-scale things can make a huge difference across a community. Mobile masts going in, or a public building allowing some degree of connectivity can also have a similar effect on a small community, and that's great to hear. I can see Mark Rowley's commented on that. I don't know whether Mark wants to come in, but we'll just see who else was there first. I think Sally's also just backing up Russel. Do either Sallie or Mark want to come in at this point? Maybe I'll just check Sally first and then come to you, Mark, just to see if either of you want to comment at all from your local knowledge.

Sallie Bailey: Yeah, Sallie here. Sorry, I'll just start my video.

Paul Wheelhouse: I can hear you, Sallie, but I can't see you. Fire away.

Sallie Bailey: Sorry, all fingers and thumbs because I haven't pressed the buttons all day. No, just really to back up Russel. We are all about the partnership working here, and working with communities with real drive, energy, ambition. If we can do our utmost to hold up these examples to show other communities what's possible, and that the public sector, probably in surprising forms like Forestry and Land Scotland, are open and willing to work with communities to enable them to develop their ambitions as well. That's really all I had to add, though.

Paul Wheelhouse: That just adds further weight, I suppose, to the approach, which is really helpful, Sally. So, thank you for your feedback there. Mark, were you wanting to come in or were you happy to leave it? I'll just check for a second.

Mark Rowley: Thank you. It was really just to emphasise that I think the community wealth building paper, I think, was a really good one. The thing that I liked in the presentation was the suggestion that in Ayrshire it was everybody's responsibility, it was right the way across the council, and also Russel's point that it's not just for the third sector. So, it was very good to hear Sallie Bailey jumping in there and put her organisation's commitment to it. I hope there's a commitment around the table from all partners on all of the papers that we've had today to support them, and Ettrick, it's in Scottish Borders, we supported it in a modest way.

It is a really exciting small project, and I think it will make a difference. It's the kind of project that is equally relatively easy to replicate across the region if and when it works. Thank you.

Paul Wheelhouse: Thanks, Mark. It's really, really great to have your thoughts there, and thank you also for just reminding us around the two questions, just to remind colleagues. First, just to identify opportunities, and we've heard some ideas there around natural capital and the kind of projects that Russel was outlining there as well, working with major employers or, in some cases, smaller communities, endorsed by Sallie and by Mark. Second one is to, as Mark was alluding to, just to get agreement and support for the approach in the paper in terms of forming a basis for developing an action plan or action plans. So, if anybody has any comments on that, please do just let me know in the chatroom if you want to come in.

I certainly was impressed that as Julie was setting out, it's not just theoretical, it's translating it from that theoretical concept into a list of 55 actions, in the case of North Ayrshire, and identifying steps that then make those actions deliverable in terms of the nine new community wealth building roles within the local authority area. Some very practical measures there, and I'm sure Julie will be probably getting phone calls from colleagues in the local authorities after this for more information.

Is there anything anybody would like to say? I just can't see any hands up, but I may be missing any. If you've spotted any, Andrew, please do let me know, just in case I missed anybody. But please do just let me know in the chatroom if you want to come in. We've still got another seven minutes to go if we need them.

Very helpful as well, obviously Julie flagging up some lessons there from the process as far as North Ayrshire Council have already identified those. If Neil or Julie, do you want to come in at all, respond to anything that's been said by Roddy, Russel, Sallie, and Mark? Do you want to come in, Neil?

Neil McInroy: Yes, thank you, Mr Wheelhouse. Yeah, very encouraging comments. Just to Roddy's point, I think, it's spot on, and right in the very base of what community wealth building should be about. It's extending the notion of value in an economy, and what contributes to value in that wider financial, local economic, social, cultural, and ecological value. Also, Russel, I think, was a very, very, very important point, in that there's that lovely Scottish phrase, isn't there? Many a mickle makes a muckle. This is not just about the big-ticket things. It's about the many, many small things that add up to quite a lot.

We know from elsewhere that even when you make lots of small interventions, it can be the same as a big factory and a big economic change in terms of jobs, for instance.

The final thing I would say is that part of what we're talking about here in community wealth building is a slight tweak or a shift in how we think about business, and I think it's that responsible business and responsible investment. It's what we want, isn't it? We want businesses to grow in the South of Scotland, and investment to come in that snuggles and wants to fit within that place, and nurture it. The days of people coming in and exploiting, I think, are gone. Responsible business and businesses that snuggle within the prevailing context is what we need in this new world we're all building. Thank you, Paul.

Paul Wheelhouse: Thank you, and there's a good example, actually, thinking from a transport perspective, and I know it's one that's close to Scottish Borders Council's heart, but the railway station in Galashiels has a Born in the Borders outlet from a business which is between the A68 and Hawick, but it's got an outlet. It won the contract for the cafeteria in the railway station, so it's using local produce, not just from the Borders but from Northumberland, but it's all within a range of the area it serves. So, it's keeping the money in the community

and hopefully making that circulate in the community in the multipliers that you were talking about earlier.

I can't see any other colleagues wanting to come back in, but Julie, do you want to make any observations yourself? Any other points you want to make in relation to what you've heard so far?

Julie McLachlan: I think just in addition to what Neil said, just to reflect on the comments from Roddy and Russel. There will be areas and communities across Scotland who are already doing this, but as Neil said it's about how you accelerate that, how you show what the benefits are in terms of economic, social, and environmental benefits, and encourage and accelerate that type of activity, because never have approaches like community wealth building been more important than what they are now, given what we are facing. Thanks, Mr Wheelhouse.

Paul Wheelhouse: Thank you, Julie. If there's no other comments then I might be able to, very rarely for me, Mr Swinney, hand back to you a few minutes early, but I think I'm just really pleased with the interaction I've taken. There's no dissent from the perspective of the questions in paper five that we use this paper as the basis for developing an action plan. Obviously, if there are any other opportunities you think of after this meeting, flag them up as best you can through the secretariat. That would be brilliant. I'll hand back to Mr Swinney. Thank you.

John Swinney: Thanks very much, Paul, and thank you for a very stimulating session there, and with some really fascinating work that's been cited across different parts of the country, and the examples, particularly in North Ayrshire, which are of great interest. So, thank you colleagues for all the contributions again. I think we've demonstrated that over the virtual means we've managed to have a good, engaged conversation. We're now going to look at some outcomes, which I am looking to my team to - let me - there's a little message coming into me here that's telling me - it's not telling me anything, it's just giving me the word update there.

Alright. Could I - have we got some slides of outcomes that we've reached so far? I think these are going up on the screen. Can you just put up whatever you've got there? I'm struggling to see that in a format that I can read, so I don't know if everybody else is in the same boat. Andrew, do you want to - I'm not sure if it's Andrew or Laura-Anne that's in a position to read that to us.

IT Support: I can read it for you if you want?

John Swinney: You go ahead and read it, Andrew, I think that's safest.

IT Support: Okay. So, the first one is outcome one, COVID-19 regional economic impact and supporting recovery. The convention welcomed and endorses the paper on economic recovery, specifically highlighting that the priorities identified align to the convention's own view of the crucial areas of focus for economic recovery and significant ambitions that members have for the South of Scotland.

Second point is, the convention recognises the importance of having an approach to economic recovery that engages all local partners, sets strategic direction for the region that reflects the area and particular strengths and challenges, operating in an agile and responsive way to ensure swift, targeted, and sustainable interventions that reflect local need, and fully engage local communities in their development.

The third point is, members highlighted that there needs to be further increased focus on the opportunities of greater digital capability and accessibility in the region as a key route to supporting business, education, and bolstering the quality of life that attracts people to the South of Scotland as a destination.

A second area of particular focus was on the combined aims of accelerating South of Scotland's progress towards a net zero transition, while leveraging the natural capital of the region to position it as a leader in renewable energy development and a centre for green jobs.

Next point is, there was agreement that significant challenges remain across many sectors, including tourism, but that there is also positivity about the opportunities at the South of Scotland as encouraging a sustainable path, economic recovery through renewed partnership and the use of the area's natural assets. That's it for outcome one.

John Swinney: Right, thank you. Any comments from anyone on those words? There's a lot of words, but I think it does capture the discussion that we had. I'm not seeing any points, so we'll - I see a comment from Roddy Fairley saying that - can we emphasise the need for Team Southern Scotland, which I certainly think we can do. I think that's one of the more encouraging things that's run through the whole of our conversation today, so I think that's certainly easily doable, Roddy.

Okay. Have we got the next outcome please, Andrew?

IT Support: Yeah. So, outcome two, workforce and skills. The first one is that South of Scotland Enterprise will lead work with SDS and other partners to clearly articulate the scale and scope of opportunities within sectors, specifically food and drink, engineering, and textiles. Working closely with industry groups, we will identify the flexible support needed to drive these forward, and explore how we can deliver the support required.

Second point is the regional economic partnership supported by the Team SoS senior office group as part of the work that they are doing to drive forward the regional economic strategy to identify a package of measures to support people to move into the area and retain young people in the region, involving partners including the NHS across the region. The group could usefully draw on approaches elsewhere, including the Western Isles model, using foundation apprenticeships as a pathway to careers in the local economy, and developing group training models such as East Kilbride Group Training, which is engineering, to see how they could adapt to fit the needs of the rural South of Scotland.

They're the outcomes for number two.

John Swinney: That's fine, Andrew, thank you. We'll maybe - now, I think Fiona Hyslop has added in the need to focus on developing Scotland's young workforce partnerships, which is key to the youth guarantee work, which is an entirely valid point, so we can factor that into the outcomes. Any other observations? Okay. We'll move on to the third one, Andrew, and then we can - now, Angela Cox is highlighting that health and social care is missing from the recommendations, and there's also - Sallie Bailey's making a comment about the role of farming force in rural tourism.

I think perhaps we can maybe sum that up by making sure that we make reference, and Mark's talked about tourism, maybe if we - to avoid us having a long list which we'll obviously inevitably not get absolutely correct, why don't we make reference to the key sectors of the South of Scotland to capture those aspirations that colleagues have put forward?

Okay. We'll move on to outcome number three.

IT Support: Outcome number three, tourism in South of Scotland. The convention confirmed the importance of the tourism sector to the future of the region, and the devastating impact that the COVID-19 crisis was having on tourism and businesses. The convention commission senior officers and the South of Scotland Destination Alliance will work collaboratively to consider how the recommendations from the National Scottish Tourism Taskforce can complement existing or new activity in the south through transport, digital capability, skills development, and investment plans to create new opportunities for sustainable recovery and longer-term inclusive low-carbon growth.

Second point is, members agree to work closely with national organisations on actions to stimulate demand through a targeted marketing campaign to provide businesses with support to retain employees, and build capacity to achieve longer-term growth targets, to identify new low-carbon projects and initiatives which showcase the South of Scotland's natural assets and strengths. That's the outcomes.

John Swinney: Okay. Have you got the fourth one yet, Andrew, or are you still waiting for that?

IT Support: Yeah, we've got the fourth one.

John Swinney: Yeah, let's put that one up, and then we'll take some follow-up comments from everybody.

IT Support: Fourth, community wealth building. The convention discussed the opportunities community wealth building presents for the region, particularly the offer from Scottish Government to work alongside local partners to produce a CWB action plan for the area.

Second point is, noting the need to drive inclusive economic opportunities and grow the working-age population, members recognised the growth opportunity presented by increased access to public-sector contracts for the large SME base in the South of Scotland, and the associated supply chain development benefits. They also discussed the central commitment to fair work practice, and the small family firms, independent businesses, and community energy which already exists in the region as being a good basis on which to build any CWB activity. Small-scale interventions can have huge impact on the outcomes experienced in these communities.

The next point is, a number of options for how community wealth building could be taken forward in the region are emerging as part of the discussion, doing more to identify and profile what is happening already across five pillars, to scale that activity where possible, embedded five community wealth building principles across SoSE and its operations to shape the type of support offered and the nature of growth activity, specifically work with a local council as anchor organisation and prioritise activity that could be delivered across the five pillars akin to the North Ayrshire approach, and to explore taking a sectoral CWB approach via, for example, housing or education.

Next point is, partners agreed to outline ideas presented in a paper were a good basis on which to develop a CWB action plan for the area, and Scottish Government should now work with local partners to produce an action plan and report on delivery progress at next CoSS in 2021. That is the outcomes.

John Swinney: Thanks very much. Thank you. Okay. So, are there any comments that colleagues have got for any of these points? There's a lot of detail there, but I think they tried to sum up the issues that we have talked about and create that sense of common purpose,

which I think has been very evident in our conversations today. So, any comments that colleagues would want to make?

Okay. Well, we'll take that as read, then...

Paul Wheelhouse: I think Russel Griggs has left a comment in the chatroom, DFM.

John Swinney: Has he? I didn't see that. Russel, did you want to come in?

Russel Griggs: Yeah, I was just going to say, Deputy First Minister, that in the CWB one, the community wealth one, we need to be careful not to say that this is just about the public sector. It's about getting everybody in the private sector involved in it as well. So, yes, while I agree that the public sector will be a key player in this, community wealth building is also about getting everybody that can contribute to the event into it.

John Swinney: Yeah. It's a point well made. We can certainly reflect that in the commentary. Okay. Well, look, thank you colleagues. We've got some very clear insights there and some very clear direction to the secretariat as to how we take matters forward in between meetings of the convention. So, we'll pursue that. These outcomes will go up on the website in due course. So, all that remains for me to do is to thank everyone for their participation. That's been a different format for our discussion, but a very successful one, and I'd like to thank all colleagues for their contribution.

The spring 2021 convention is due to be held on Monday 8 February, and hopefully we will be able to meet in person. In normal circumstances, something taking place on 8 February would normally be dependent on the weather. Hopefully, it's just the weather it's dependent on in the spring of 2021 as opposed to anything else, but we'll obviously keep that under review. I see there's a number of colleagues expressing their appreciation for the quality of the discussion today, which I would echo very much, and I think everyone for their constructive participation.

I think what we've found through COVID is the atmosphere of very practical cooperation between different organisations and the public has been critical to get us to where we are today, and I think some of those lessons are really important for us to learn in taking forward many of our other priorities. So, to everyone, thank you very much for your contributions, and we look forward to following this up with constructive actions to ensure that the discussions that we've had here today are full of impact in the period going forward.

So, to everyone who's helped to prepare the meeting today, thank you very much. To all our contributors, paper writers, and speakers, thank you very much, and we'll pursue these actions and look forward to engaging with you in the spring. So, thank you very much indeed. Thank you.

End of Meeting