

**CONVENTION OF THE SOUTH OF SCOTLAND
TUESDAY 8 FEBRUARY 2021
VIRTUAL EVENT, (DUMFRIES & GALLOWAY)**

LIST OF DELEGATES

Surname	First Name	Company
Aikman	Ian	Scottish Borders Council
Ashton	Anne	Scottish Government
Brannen	Roy	Transport Scotland
Brodie	Chris	Skills Development Scotland
Brown	Joe	Scottish Government
Brown	Laura-Anne	Scottish Government
Campbell	Joanna	Dumfries & Galloway College
Cantlay	Mike	Scottish Funding Council
Conway	Karen	Scottish Government
Cook	Colin	The Scottish Government
Cox	Angela	Borders College
Daly	Kimberley	Scottish Government
Davidson	Rob	Dumfries & Galloway Council
Dickson	Rob	Scottish Borders Council
Dickson	Douglas	Dumfries and Galloway College
Dolan	Gillian	Scottish Government
Evans	John	South of Scotland Enterprise
Ewing	Fergus	Minister
Fairley	Roddy	NatureScot
Graham	Riddell	VisitScotland
Griggs	Professor	South of Scotland Enterprise
Halfhide	Nick	South of Scotland Enterprise
Hamilton	Karen	NHS Borders
Hanna	Linda	Scottish Enterprise
Haslam	Shona	Scottish Borders Council
Hogg	Julie	South of Scotland Enterprise
Howieson	Doug	Scottish Forestry
Hutton	Graeme	Forestry and Land Scotland
Innes	Grant	Heriot Watt University

Irvine	Alison	Transport Scotland
Jackson	Karen	South of Scotland Enterprise
Johnston	Ross	Scottish Government
McGrath	Bryan	South of Scotland Enterprise
McLeod	Linda	SFC
Meahan	Lorna	Dumfries and Galloway Council
Mitchell	Frank	Skills Development Scotland
Mountford	Simon	Scottish Borders Council
Morris	Nick	NHS Dumfries and Galloway
Morrison	Elaine	Scottish Enterprise
Munro	Iain	Creative Scotland
Murray	Elaine	Dumfries and Galloway Council
Passey	Elizabeth	University of Glasgow
Raines	Philip	Scottish Government
Reid	Adam	The Scottish Government
Roberts	Ralph	NHS Borders
Rogers	Steve	Dumfries and Galloway Council
Rowley	Mark	Scottish Borders Council
Scott	Andrew	Scottish Government
Smith	Robert	Scottish Enterprise
Stevenson	Gavin	Dumfries and Galloway Council
Swinney	John	Minister
Thurso	John	VisitScotland
Ward	Paula	VisitScotland
Watt	Karen	Scottish Funding Council
Wheelhouse	Paul	Minister
White	Katherine	Scottish Government
Yeates	Damien	Skills Development Scotland

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John Swinney: ...a journey we've been working on some time. The Convention obviously offers a very valuable opportunity for us to bring together different colleagues from a variety of different organisations to make sure that we have a common agenda and a common purpose, so we'll take forward those discussions today. This meeting obviously is taking virtually in the current context and it should have been hosted by Dumfries and Galloway Council, so I'll maybe pass to Councillor Elaine Murray, the Leader of Dumfries and Galloway Council in case Elaine, you would like to make some opening remarks on behalf of Dumfries and Galloway Council.

Elaine Murray: Thank you Deputy First Minister and members of the Convention. I would like to extend a warm welcome to this third meeting of the Convention of the South of Scotland on behalf of Dumfries and Galloway Council which in happier times would have been the host Authority. While we are meeting virtually today, I do look forward to a future time when it is safe for the Convention to gather in our beautiful region and experience first-hand our rich natural environment and vibrant communities. A lot has happened since the last Convention, but our commitment to economic and social recovery in our region is resolute. The agenda today focuses on the progress that South of Scotland partners have made during the pandemic to work together and strengthen our regional economic approach and I welcome the agenda today provides the opportunity to extend a shared focus on areas of strategic importance to our region. Thank you.

John Swinney: Thanks very much Elaine. Like you, I look forward to us being able to gather again in person and to be able to have [inaudible] but there is a – the absence of this contact is [inaudible]. If I could maybe on that timely note remind everybody to go on mute while they're not speaking which would be helpful and also if I could say to those who are not speaking, probably to keep their cameras off just to maintain the strength of the connectivity that we have at the meeting. If all colleagues could be on mute if you are not speaking and cameras off if you're not participating in the call. There is the chat function available or the raising hand function. If people want to speak, probably best and simplest to go for the raising hand function and those who are chairing will monitor that very closely to make sure that everyone is involved in the conversation.

In terms of the – I'll come on to talk about the structure of the meeting in a second. There will be live tweeting going on from the meeting – #dumfriesCoSS2021. The agenda this morning – or today – will follow four particular themes. An update from the Regional Economic Partnership, a discussion on natural capital and the regional economy, a discussion on infrastructure and a discussion on workforce and skills. All of these issues really emanate from the earlier discussions that we have had and reflect the need to formulate an ongoing agenda which addresses some of the

challenges that have underpinned our dialogue in the South of Scotland Alliance for some time which led to the formulation of the South of Scotland Enterprise Agency and then also into the creation of the Regional Economic Partnership and we'll come onto to discuss the substance of that agenda just in a moment or two.

The last operational thing I would say is that we – well, two last operational things. First of all, that the meeting will be recorded and transcribed and a link will be circulated prior to the next meeting. The final operational point I would say is that the value of these discussions is if we are all open and participative so please feel free to contribute to all of the items. It's important that we get the – we've got a lot of very critical, interested parties involved in the discussion today and it is really important that we hear from everybody as part of that process so I would encourage colleagues from whatever perspective you have that we openly air views and perspectives so that we can take forward these agenda items.

Without any further comments I'll move onto the first item on the agenda which is the update from the Regional Economic Partnership. Since the last Convention the Regional Economic Partnership has had its first full meeting in September of last year and has continued to meet monthly thereafter. The partnership was formed to complement the work of the Convention by bringing together a wider group of stakeholders including those from outside the public sector to drive forward the regional economic agenda. The focus of this Convention must reflect the priorities of local partners, stakeholders and communities so I'm pleased that the Partnership has had a role in shaping the agenda for today's meeting.

We have a paper in front of us which will be presented by Councillors Rowley and Davidson from the Scottish Borders and Dumfries and Galloway Councils. That paper presents the work and the priorities of the Regional Economic Partnership. Now, I know that good progress has been made in taking forward these issues and I'm very keen that we air in this session some of the issues that are critical to ensuring that the Regional Economic Partnership is able to be as effective as it possibly can be in drawing together the combined efforts of a range of different organisations working very closely with the private and third sectors to maximise the impact of this agenda on the South of Scotland. With those comments, could I invite Councillor Rob Davidson and Councillor Mark Rowley to introduce this paper. I'm not sure which one is going to go first? Is it Rob that's...

Rob Davidson: Yes, please.

John Swinney: You go first, okay. On you go.

Rob Davidson: Thank you very much Deputy First Minister. I really welcome this opportunity to continue to build the relationship between the Convention under a Regional Economic Partnership and the shared focus that we have in shaping the future economic direction of the South of Scotland. The paper presented today provides an update on considerable progress that the REP has made since it was established in 2020 of course during the current pandemic. The establishment of the

Partnership is a significant step forward for the region and we consider it vital to supporting a vibrant and resilient economic recovery.

The Partnership is focused on setting out a clear, collective and compelling vision for our region's economy. We wish to establish an ambitious regional economic strategy creating opportunities for our businesses and for the communities in which we live and work. The Partnerships brings together a wide set of knowledge, skills and experience and the paper reflects the breadth of that membership. The Partnership operates collectively, and members participate in a spirit of inclusion and respect for each other and for each other's views. The strength of that diverse expertise is what will make the Partnership and our future strategy the very best that it can be and underpinning all of that is the fundamental point that we are very ambitious for our region.

The paper indicates that the Partnership has set a challenging pace for the development of the Regional Economic Strategy. I think it was Councillor Rowley who said that the best time to have a regional economic strategy would be to have it already, but if not the second-best time would be now, and I think collectively we all agree with that. Additional capacity has been provided through the South of Scotland Enterprise and from both local authorities to provide expertise and insight to help the Partnership in shaping its strategy. We've also designed wide engagement with people across the South of Scotland. It's imperative that we fully understand the breadth of views and the circumstances of everyone living and working here so we are actively encouraging everyone to give their views to help shape this vital strategic plan for our region.

I would encourage Convention members to look out for the opportunities to have your say and play your part in this – and those launch tomorrow – and take the opportunity to contribute and also to promote that engagement in turn. In setting our forward agenda, we've taken time to consider the strategic issues that form the focus of our work and which will influence the development and delivery of the strategy. Convention will recognise the initial topics we've been examining, for example, community wealth building, education and skills and natural capital and I welcome the focus on these matters at Convention too. That can only strengthen our collective approach.

It is important to highlight that in reflecting on its membership, the Partnership has made clear its desire to have an effective approach to the engagement and involvement of young people in our work and this supported the creation of specific opportunities for young people through the engagement of two modern apprentices to participate in the Regional Economic Partnership while also providing them a chance to develop their skills. This Convention provides the opportunity to discuss common issues with national partners and to identify achievable solutions. On behalf of the Regional Economic Partnership, I would reconfirm our commitment to providing updates to and communicating with the Convention on the strategic issues for the regional economy in the South of Scotland. At recent REP meetings, we have

highlighted areas to discuss with Convention including topics such as natural capital, infrastructure and workforce and skills all of which are being considered today.

Our paper outlines two other issues which the Partnership agreed we would wish to highlight for consideration at Convention. The first of those is funding from the EU. As the paper highlights, this has been an important tool in addressing economic performance for a number of decades and the South of Scotland has benefitted from economic and social investments through these programmes. While understanding and recognising there are national discussions on replacement of these funds, the Regional Economic Partnership does wish to highlight concerns about the impact any gap would have on our rural economy especially at this time. The Partnership is seeking through Convention that a way forward can be achieved to help secure funding which we believe will be vital in supporting economic recovery.

Well, with that, Deputy First Minister, I'd like to hand over to Councillor Mark Rowley who will take up the second of those additional points, the Partnership's call to action as it were to the Convention on future funding for support for business and for economic recovery. With that, Mark, over to you. Thank you.

John Swinney: Thanks for that Rob. Mark, over to you.

Mark Rowley: Good morning Deputy First Minister. Thank you, Rob, for that and good morning to all of the other participants. We all understand absolutely how the pandemic has altered almost every aspect of life. I mean, that's why we're in all parts of Scotland today rather than in Dumfries. It's altered how we live and work. It's had a significant impact on communities and our economy. At the last convention we all realised that – or recognised that a team South of Scotland approach had been vital to the delivery of initial funding to business and to support some degree of [brand spec] of business sectors following that initial lockdown. However, the recent change in the spread of virus in our region and the surge in the number of COVID-19 cases is much worse than we experienced first time round.

The extent of the change of business restrictions has deepened the impact on businesses in our region and levels of confidence for band spec similar to last year are probably lower. The Partnership agreed that it believes that the intervention of medium to long-term will be required as we emerge from this pandemic to address it. Coordination of funding support and intervention for business over a longer recovery period and a shared understanding of challenges and issues between local, regional and national partners is absolutely crucial, I'm sure we'll all agree. We're asking the convention to reaffirm its commitment to work together on this to strengthen the economic recovery and we recognise that there is a significant degree of commitment in the room today from a whole range of organisations at senior level.

My key ask is that after today, you not only reaffirm that commitment, but you commit to amplify it and go back to your organisations and ensure they have a clear message about how they can be empowered to support the work we're doing here at pace in the South of Scotland. With that, I'll say thank you Chair and return to you.

Joh Swinney: Okay, thanks very much Mark for that introduction and also to Rob. Now this paper essentially sets out the substance of the approach being taken by the Regional Economic Partnership, but then also the agenda and some of the aspirations that are within the Partnership. I think it's important that we reflect on some the calls to action, the areas of common working that are suggested within the paper and could I invite colleagues to make some contributions based on the issues that are raised in the paper. Could I invite colleagues to offer to make a contribution? Russell Griggs, I can see you there Russell. Right, on you go. Russell, I'm afraid you're on mute. I'm not hearing you.

Russell Griggs: Sorry, Deputy First Minister. I'm used to [inaudible] which are just dreadful. Just to say, I share Councillor Rowley and Councillor Davidson's ambitions for the South of Scotland. We want to inspire the region to think bigger, to seize the opportunities we have, but to do that working collaboratively regionally and nationally is essential to ensure that we're making the right decisions for our future. I guess we all welcome the commitment to a place-based approach that recognises that a one size fits all approach is not the way forward and there needs to be a flexible approach that takes account of the requirements of the individual communities. South of Scotland is different, and we need to respond in a way that meets the requirements of our rural region. Thank you Deputy First Minister.

John Swinney: Okay, thanks very much Russell. Could I invite some further contributions from colleagues? I'm not – have we got other observations that anyone would like to bring into this? Just scanning down to see anyone else. Obviously, there's quite a number of issues that are related to this are going to come up on the agenda in the course of today, but I wonder if any colleagues would like to some observations on some of the areas of specific concentration that might be important for us to reflect on as part of the discussion that the Partnership may want to take further either sectoral issues or any aspects within the public sector community whether that's through the work of the educational community or the wider partnerships that are focused on economic opportunity through our local authorities.

[Inaudible]. Mark or Rob, have you got anything else you want to add on to this?

Mark Rowley: Thank you Chair. I'm just going to assume that we've got wholehearted agreement from the entire room for the paper and that we'll get any support we ask for.

John Swinney: Rob?

Rob Davidson: Thanks very much. No, I would certainly echo that, I guess, from Mark's point of view, but to re-emphasize I think, the critical point about the engagement that we wish to undertake on this launching tomorrow. It will be immensely helpful for everybody who participates here, not only to engage, but then also to assist us by pushing that out through their own networks and trying to ensure that we have as wide a reach as possible. We were very conscious that we're compressing a huge amount of work into quite a short period of time. I mean, that is

deliberate and was much debated, but it will work most effectively if everyone assists us in helping to get the reach of that engagement both as broad and as deep as possible. I recognise that is probably a big ask, but I think that assistance with that from all partners would be immensely helpful and much appreciated. Thank you, John.

John Swinney: Okay, thanks Rob. I've got Roddy Fairley from NatureScot. Roddy?

Roddy Fairley: Thanks Deputy First Minister. No, I was just going to say that recent research shows that the jobs in the green economy are growing five times faster than jobs in other areas and we have real strengths across south Scotland in all aspects of the green economy and therefore if we're looking to ride a wave and actually capitalise on the way in which the market is moving, I think focus on the green economy is going to be vitally important to our strategies.

John Swinney: Thanks Roddy. I think these comments are absolutely essential to how we take forward the agenda in general in the South of Scotland given the natural strengths and attributes of the area, but particularly in the environment post-COVID where the theme behind economic policy in Scotland in general is going to be very much based on taking account of some of the changes and dynamics that we've all had to come to terms with as a consequence of COVID. The changes to employment patterns, changes to economic priorities as a consequence and I think that obviously creates significant opportunities for the South of Scotland. It perhaps indicates the fact that not everything needs to happen as a consequence of a car journey to somewhere else, but then the flip side of that is that to enable the South of Scotland to make the most of those opportunities, there has to be effective digital connectivity to enable inclusion for all areas within the South of Scotland.

There is opportunity there, but it's not one that is just automatically going to emerge. It's one that is going to have to be won as a consequence of solid and sustained investment in digital connectivity and that will be – these features are obviously at the very heart of priorities that the Scottish Government is taking forward, but which will need to be reflected actively in the priorities that are taken forward through the Regional Economic Partnership and through the work that we undertake here. Okay, right, if we're broadly comfortable with the direction of that paper and with the sentiments expressed by Rob and Mark we'll take that as read and we'll move onto the next item which is a discussion – if I just get myself – on natural capital and the regional economy.

Fergus Ewing, the Rural Economy Secretary, is going to chair this session so Fergus, if you are about, I'll get you to come in to chair this. You're there Fergus? Do I see you.

Fergus Ewing: Here I am, Deputy First Minister.

John Swinney: Yep, great. I'll pass over to you, Fergus.

Fergus Ewing: Thank you. I'll just put my glasses so as I can see you all and good morning. Thank you for coming to this digital experience. Obviously, as we know, at the heart of the South of Scotland economy lies the traditional, rural staples of life in the South of Scotland and rural Scotland of farming and forestry, of fishing and now of tourism. All of these are absolutely integral to the economy and the society and life of the South of Scotland. I'm very pleased that we are working closely with local authority partners and with South of Scotland Enterprise together to tackle the particular challenges that we face with COVID and now the problems that are arising especially in relation to export and certification in relation to Brexit, which is affecting both the seafood sector in particular, but also the meat sector and particularly with Cairnryan and the valuable connection with trade in Northern Ireland and the Republic of Ireland.

Through that we are, as you would expect, doing a power of work to try to sort out as far as we can, the problems that have arisen. I thought I should say that because obviously COVID and Brexit are dominating much of our time as yours I expect. Looking to the future, I think there is now a clear and quite a positive vision that we have in Scotland substantial assets. Natural capital is the phrase that is used. It's a bit of a buzz phrase. It's a vogue phrase at the moment. I think that it really just means the land, the natural resources that we have in connection with the land, the use of the elements and things like renewable energy. The human capital that we have as well and the, perhaps most valuable of all really, is the collective aggregate sum of human experience and expertise in the South of Scotland.

I'm constantly inspired by what I see in the achievements of individuals, businesses and communities working together and that human capital, therefore, shouldn't be neglected. Unlike our good friends and near neighbours in England, we do in Scotland have a very substantial landmass which will, I think, be if you like, the bulwark of delivery of climate change because only in rural parts can you provide the answers to climate change or many of them like peatland restoration and forestry and the South of Scotland is really the engine room of the forestry growing sector and the sawmill sector and hugely important to the economy.

I also wanted just to share with colleagues, especially local government partners, that we are doing quite a lot of work at the moment to deliver on, if you like, an application of the vision of natural capital. In other words, to shape the funding support that we provide to the rural economy to make the most of our natural capital whilst also continuing to support people in the rural economy especially those who are farming on the most challenging land who need, I think, that support to remain at the heart of rural communities. We're doing this by the pretext of farmer-led groups – well, particularly farmer and crofter-led groups, but that's not so much of an issue in the South of Scotland obviously with no history of culture of crofting.

Farmer-led groups have been established by me firstly and principally in the suckler beef sector where there is the most significant climate change challenge in respect of methane emissions. Jim Walker, who is a citizen of the South of Scotland, is

leading that group with me at the moment to turn his report published by himself and Claire Simonetta last November into an action plan. Why is this important? Well, it's important because I think it will lead the way in providing a model applying our natural capital in this sense that we will produce high-quality food, but we will also have an increased focus on the environment. That twin-track producing our high-quality food as we have done to increasingly high standards with efficiency, innovation and the determination of farmers to get the job done and secondly, higher environmental standards not only in tackling climate change, but in promoting biodiversity.

I'm very pleased that on this call we have representatives from NatureScot with whom we've been working very closely to develop the farmer-led groups. There are other groups in all other main sectors of farming including upland, hill and crofting, the pig meat sector, the dairy sector and the arable sector. They are all led by farmers and why is this important? Because I do think if we're asking people to change in rural Scotland – and we are – then it's very important to get buy-in. I don't think it's an insult for me to say that there's few groups in society that are more obdurate and more resistant to people telling them how to change practices in their farms than farmers and rightly so because it's their land. They've been farming for centuries so we need to take them with us, and this is the vision that I've had.

Now, I just wanted to spell this out because it's work in progress at the moment and we're working hard to make progress with this year starting with the beef suckler group because that is the biggest challenge. Forgive me, DFM, I thought it might be useful just to set out this at some reasonable length, but in all of this, we're now working very closely with SOSE so perhaps I could pass to Professor Russell Griggs, chair of SOSE, to comment and then I think it might be helpful to hear from our colleagues in local government, but also from others. I'd very much be keen to hear from NatureScot as well as I've mentioned earlier. Thank you very much for allowing me to make these opening remarks and I'll pass over to Professor Griggs. Russell.

Russell Griggs: Thanks Cabinet Secretary. In our previous discussions at the Convention, we recognised just how important our natural capital assets are to our economic success and what we can offer to Scotland and the world. In many ways, those natural capital assets – our land, our seas, freshwater rivers and streams, our habitats and green spaces – have shaped our economy and they have shaped our identity. We agreed at the first meeting a year ago, our 10 key opportunities and it's no surprise that natural capital was central to many of them. That includes our farming, forestry and fishing industries, our food producers and manufacturers as well as those involved in our tourism sector who rely very much on quality of place. We estimate that there are about 20,000 people involved in nature-based jobs in the South of Scotland.

Today's discussion is timely mainly because of the report that was published last week by the Treasury called the *Economics of Biodiversity* which recognised our

long-term prosperity relies on rebalancing our demands on nature's goods and services with its capacity to supply them. Professor Dasgupta leading the review highlights nature is our home. Good economics demands we manage it better. I suspect that is something we've known in the South of Scotland for a long time. I am confident that our farmers are well-placed to respond constructively and enthusiastically to the recommendations that are being developed by the farmer-led groups that the Cabinet Secretary has talked about and themselves on climate change. Not just in the abstract, but also through practical and innovative projects as well.

We need to ensure that the science is relevant to our way of farming and the way that we manage our land and livestock which is very different to other parts of the world around which a lot of the comment you see in the media is based. We have great examples across the region of entrepreneurial farming based upon the principle of enhancing natural capital and that starts with the land and the soil itself. The levels of organic matter in soil is a good indicator of the health of that soil, the life in that soil and the plant that grows from it and the animals including us who eat those plants. When it comes to nutrition, biodiversity, ecology and the long-term future of the human race, soil really matters.

David and Wilma Finlay in Dumfries and Galloway on their Dumfries and Galloway Farm have been managing and monitoring their soil for 25 years and can now say that their farm is carbon negative. They're also working to create a circular regenerative farming system that has a positive environmental impact, delivers nutritious food, provides good quality jobs and works at the highest possible standards of animal welfare and even in the materials they use to package and protect their products, make sure they are all biodegradable. They are not alone as I will highlight shortly.

The changes to agricultural funding also provides many more opportunities for such innovation across our diverse farming industry within the region. Equally we have a strong regional offering of forestry well-placed to respond to an increase in public and private investment. A sector that provides key products for sustainable construction while contributing to carbon storage, provides tourism and visitor opportunities and contributes to our collective wellbeing. We just need to look to the Galloway forest to see all of this coming together including mountain biking and stargazing through the Dark Skies Initiative.

It would be wrong for me not to mention the established expertise in peatland restoration where the Crichton Carbon Centre provided a national training scheme for peatland contractors. Back in the summer, we welcomed the advisory group on economic recovery report that set out four pillars on which our economy is based. Natural capital, human capital, social capital and financial and physical capital. The remit of the agency I chair reflects that interconnectivity requiring us to support economic development, social development and improve the environment and the amenity of our region and I'm sure the need to look across those areas resonates

with many of us here. That is why we are working closely with the farming and other land-based sectors with regular interchanges on the opportunities on our natural capital brings.

Let me reflect on just a few of our investment decisions to illustrate how integral natural capital is to our economy and how we look across the four pillars. We have supported the community in Langholm with £1 million for them to acquire part of Langholm Moor. That will build community resilience, provide employment, enhance tourism locally and beyond as well as developing the natural asset. We provided funding to the Galloway and South Ayrshire UNESCO Biosphere – £1.9 million over five years to grow and increase our sustainability ambitions, directly create employment as well as bringing a range of economic, community and other environmental benefits.

I think it was interesting when we launched that, that the first people to support the money that had gone into the Biosphere was the South of Scotland Destination Alliance and I think it shows how tourism links with everything that we do across the South of Scotland. Indeed, the funding we provided with the South of Scotland Destination Alliance to help them promote and develop our tourism offer and natural capital is central to that offer as we look to the recovery. Our outdoor experience will be more attractive than ever which is why we were one of the first, as I said, to welcome the biodiversity.

On a number of individual projects with farmers to help them diversify and do what they do currently in a much more carbon protective manner. For example, Hilltop Leaf Limited will create a business around the extraction of medicinal cannabis for clinical treatment. Upper Senwick Farm near Kirkcudbright who have introduced a green solution using solar panels and battery storage to open their new retail business in a safe and secure environment. Greenvale AP at Duns who are helping to move speedily to Industry 4.0 and fair work and others like Burnside Farm and some of the farmers markets to pivot to a new way of collaboration and developing new and sustainable channels through their customers.

A natural capital weaves through a lot of the other things that we do as well. Our energy transition group – many of the members around this table have participated enthusiastically in the discussion with those. There are some significant opportunities for our region as we decarbonise heat and transport and we want to make sure that we are ready to benefit from them growing a supply chain and developing a labour force with the right skills and the quantum's of some maybe surprising. To give one example, for our hotels and other hospitality businesses, just to provide the EV docking points they think that they will need to attract tourism going forward. They alone will need 7000 new EV points across the next three to five years to satisfy that demand.

Last week I chaired the first meeting of our new education and skills group as part of the REP. We turn to this topic later today, but it was clear to me just how important it is to ensure the development of the right skills to maximise what we were doing and

that was in abundance in a lot of the conversation that we had during that conversation. Our other strength is partnership. I was delighted to see our bid to be a pilot for the Regional Land Use Partnership approved on Friday. Together we can develop our strategic vision for land use for the region and local authorities are leading the way here. Our Regional Economic Partnership considered natural capital at its last meeting and we all came away buzzing about the opportunity we had. We expect this to be a core theme for the regional economic strategy we are currently taking forward.

You'll see that the paper accompanying the natural capital ends with some questions for use to explore today. If I stand back from the detail in them essentially they are asking us to reflect on how we build on what we've got to maximise our success. What practical actions can we actually take to forward the leadership, make the connections and other the support we'd required. Interconnectivity is key to all of this and indeed all that we do in the South. Connect to the things many of us came for here which is our natural capital in all its forms. Thank Cabinet Secretary. Fergus you're on mute.

Fergus Ewing: Sorry, thank you Russell for that very comprehensive contribution. I pay tribute the wide variety of work that SOSE are doing as a relatively new kid on the block as it were in the South of Scotland. You've covered quite a lot of specific examples of excellent work, all of which in different ways are deploying our natural capital. Thank you for that. Now, I've got two little hands here that I've identified. Mike Cantlay and Doug Howieson, the Conservator for the South of Scotland. Perhaps I could start off with Mike and then come to Doug and if there are other little hands, if they could make themselves known to me and we'll continue the discussion. Over to you Mike.

Mike Cantlay: Okay, good morning Minister. You said that natural capital is often highlighted as something of a buzz phrase and I suppose that's maybe true. I think in the South of Scotland context, it's important to remember that – I think it's two things. I would certainly say as chair of NatureScot – and it may seem a strange thing for me to say – natural capital is big business. It's absolutely big business for the South of Scotland and I just highlight again what Roddy highlighted there. Nature-based jobs are the fastest growing sector in the South of Scotland and that's maybe an aspect we'll come back to this afternoon when we look at workforce and skills.

Also, I think it's important to remember that if you take a variety of different studies, but pick-up IUCN as an example, they anticipate that 30 per cent of every government's climate mitigation work over the course of the next 10 years is likely to focus on nature-based solutions in just the type of initiatives that you were mentioning there Russell and yes, Mr Ewing, it is entirely appropriate to mention the work that's being done with the farming community on soils and farming practices because that is one aspect that is going to be key. Maybe to mention another that is very important is peatland restoration and government's commitment of spending an

incredible £250 million across Scotland of the course of this next decade and of course, peatland restoration is a key feature of work in the South of Scotland. Minister, you see that natural capital links directly to the South of Scotland. As very much the South of Scotland as being the engine room and that's very much how we see it in terms of combining both benefits to the economy and the work towards mitigating climate change.

Fergus Ewing: Thanks very much indeed, Mike. It's revelatory to learn that NatureScot is promoting big business, but I'm being tongue in cheek here.

Unidentified Male: [Unclear]

Fergus Ewing: I think there's a very serious point that in tackling climate change as we must do, the rural economy is really going to be in the vanguard and I guess the challenge actually is to make sure that people in rural society benefit, if you like, in their own communities and play a part in that. I'm very conscious of the need to make sure that the £250 million investment in peatland and the £150 million in forestry for example, over a shorter period is actually going to benefit ordinary people that work in rural Scotland, not only companies and corporates that may be based [firth] of rural Scotland if you see what I mean. That's one of the challenges that we're working on.

Could I pass to Doug Howieson who, as you know, is the Conservator for the South of Scotland, Scottish Forestry and you know, Doug, you are at the heart of arguably the most important area of Scotland for forestry and I'd like to pay tribute to the work that you and your colleagues have done in meeting the targets for plantings having doubled the amount of plantings frankly, since 2016 which is an amazing achievement particularly since the staffing component hasn't really risen accordingly. In other words, you've doubled productivity in a period of just five years to achieve plantings targets which are absolutely an essential to achieve climate change and I hope that you and your colleagues get the credit for that. I'll pass over to you if I may, Doug.

Doug Howieson: Thank you very much, Cabinet Secretary and I will pass on your thanks to my team. Thanks also to Russell for recognising the importance of forestry. Just to – as you've just said, Mr Ewing, in the past year in South Scotland we have [land aided] over 4500 thousand hectares of new build and creation which is terrifically exciting for us as an industry, economically as well as in response to natural capital requirements. Elaine Murray had said earlier that the role of the Convention of the South Scotland is about economic recovery, about green recovery and about jobs and I think My Ewing, you share with me a recognition that the project of contribution that our forests – commercial and plantation – in Scotland, designed and managed in South Scotland, designed and managed to UK forestry standard can have on providing benefits from natural capital and the contribution to economic development.

Finally, to say that we know that new build and creation can enhance the soil carbon stocks compared to what's there currently so I think it's a terrifically exciting times for us in South Scotland as far as forestry goes. Thank you Mr Ewing.

Fergus Ewing: Thank you. Just trying to cope with the technology here. Now, who else do we have? I wonder if our local authority colleagues, Elaine, Rob, Mark, Shona? Whether any of you want to come in? I can see you Mark on the – I've got Shona first, so ladies first. Shona, and then Mark if you would like to follow. Shona.

Shona Haslam: Yes, thank you Cabinet Secretary. I think you hit the nail on the head there where you said that although productivity had doubled, that there still wasn't the employment following that. I think we really need to as a Convention, look at how we can make sure our natural capital is contributing to all aspects of our economy including employment. I think that might be a really interesting topic for the Convention to take forward just to really dig down into this issue and think about how our natural capital can not only increase productivity but can also increase employment in the area while encouraging green growth. I realise it's trying to tie up many threads at the same time, but I really think it is important that we get into that. Thank you.

Fergus Ewing: Thank you Shona. Mark? Mark, on you go. Can you hear me okay?

Mark Rowley: Yes, I can. Thank you Cabinet Secretary. Can I absolutely welcome the remarks you've just made that as we exploit and use the fantastic natural capital we have in the south, we must seek that those benefits remain largely in the south so that community's benefit, so that our region benefits because being frank, some of our exploitation of natural capital in the past perhaps hasn't done that. We've made great use of the assets that we've got here, but we haven't embedded the benefits of them locally. I would really endorse that. I think we're at such an exciting time and I can speak to you today with a degree of smugness because in my ward here in Berwickshire, it was the home of James Hutton. Not only a fantastic geologist, but an agricultural entrepreneur, a scientist and a farmer.

He did much of the early work that we're now building on and of course gave his name to the fantastic James Hutton Institution and we'll be celebrating his tercentenary here in 2026. I'm also thrilled that Russel mentioned a couple of businesses in my ward including Greenvale who are doing incredible things. It is absolutely the right time. We were thrilled to get the land use pilot which officers at both Dumfries and Galloway and Scottish Borders Council have worked on very hard for the last two years. In fact, I think discussing the early work on that was probably the first ministerial meeting I had with you after I was elected a councillor in 2017. It's fantastic to see that.

We are on the cusp of a new era. Last week, I with Harbour Trust here on the Berwickshire coast, finally signed an agreement that the wonderful Neart na Gaoithe offshore wind farm which will bring the operations and maintenance base to

Eyemouth – which I'm sure will be very dear to Mr Wheelhouse's heart and I see he is on the call today. That has taken an incredible amount of work by all sorts of people. I absolutely pay tribute to the Harbour Trust for doing it and for EDF Renewables in working with a really small organisation to make that happen. That is the perfect example of exploiting our natural capital in a sustainable way doing all kinds of brilliant things and bringing 50 well-paid local jobs and development and revitalisation to Eyemouth which is something this council supports.

There are brilliant examples out there as Russell has highlighted. We absolutely have to celebrate those, but make sure that as much benefit of exploiting the south's natural capital – and we realise we have to do some of the heavy lifting for Central Scotland as well, but as much of the benefit stays in the south and helps us here. Thank you, Cabinet Secretary.

Fergus Ewing: Thank you, Mark, very much indeed. Could I turn now to Elaine Murray and then Roddy Fairley. Elaine.

Elaine Murray: Thanks Cabinet Secretary. First of all, very much agree with the previous speakers who have said that we need to ensure that this promotes local jobs and benefits local economies rather than, as possibly have been in the past, being somewhere which is exploited and provides profit for others and not as much benefit for the people who actually live here. I think, as others have said, as well, we're actually at a point of great opportunity with things happening in the south. We've heard actually about some extraordinary advances that have already been made, but I think there is there is a task for us also to look at how we bring together the various opportunities to make sure that we make the most of them.

I'm thinking particularly how does what we are talking about today interact with the Borderlands which we are hoping that the final deal will actually be signed next month. I think that's everybody's intention. That has things such as the place programme which I think could very much interact with the opportunities here of developing natural capital. I think in bringing people together, we also need to concentrate on how we seize the opportunities which are coming our way and make sure we align everything to get the very maximum out of the opportunities that are being presented to us. Thank you.

Fergus Ewing: Thanks, Elaine. If we could turn to Roddy Fairley from NatureScot?

Roddy Fairley: Thank you Mr Ewing. Yes, really I want to follow on from what Shona was saying earlier and indeed what Elaine was saying just there about – and that wider challenge therefore of translating our commitment to natural capital into real economic wealth and real economic benefit for the region. That of course is a difficult thing to do. I suppose, I'd be saying, well there's a few things first of all we have to observe. That investment in natural capital – well, it's not actually – that investment doesn't go into the pockets of birds and bees, it's goes into the pockets of people who are doing real jobs. Peatland restoration for example, that expenditure

goes into businesses who are undertaking work and the challenge then is to look for the more durable, long-term outcomes that comes from the investment made in these people's jobs into jobs that are then sustained into the future as well.

A second thing I would say, is that what we desperately need I suppose, within the region is confidence. Confidence that there is a different economy beginning to develop in the region and confidence therefore to lead that. We have a lot of businesses in the region that are very good at following. When it is clear that there is a very clear market there, they are ready to come in and try and do their best to meet the demands of that market. But, we have a real challenge, I think, in trying to make sure that these businesses are preparing for that change. Are confident in beginning to invest a bit in advance of that wave of demand because the risk is if they don't then these needs are going to be met from businesses who are more prepared and more ready from outside the region.

That's where there is a very strong link between capitalising upon our clear wealth in natural capital and the clear need to invest in it with equally are willing to invest in skills development and trying to ensure that when people have been trained in these new skills that will be needed – whether it is in the changing of boilers into heat pumps or in terms of the changes in agriculture that are being pioneered by the Finlays at Rainton more widely across the region. Making sure that these skills are actually needed at that time and people therefore are confident that it's a good thing for them to do and for their families to be involved in driving these things forward.

We need very clear, confident leadership and I think that's a job for all of us in the public sector frankly. It's not something to be left just to the colleges or just to SOSE or just to the councils. It's as much for us in NatureScot and other places to be involved in that and to drive forward these changes in a managed way that balances that growth in demand with our ability then to supply that need in the region.

Fergus Ewing: Okay, thank you very much Roddy. Points well made. I've got two more little hands here. I've got Elizabeth Passey first and the Chris Brodie. Elizabeth.

Elizabeth Passey: Thank you very much. I would just like to suggest that we avoid using the word exploitation of natural capital. If you were to use that in capital markets around equity investing or any other type of investing, you'd probably have the regulator having a word with you. I feel that potentially some language around the growth of our natural capital would achieve the same outcome but also create a better culture around how we work with our natural environment. The second observation is as we're talking about heat pumps and investing in how we can create a more sustainable environment in the South of Scotland, that we look at not just the cost of installing all of these things at round one, but what the maintenance costs are and the maintenance opportunities within the economy.

Things like heat pumps, I think, are still so new in our world of environmental heating et cetera, there is massive follow up costs which needs to be factored in as well.

Very lastly, I would just ask how all of this will fit into COP26 on our doorstep in less than nine months' time and if there are any comments or observations around that that could be threaded into this. Many thanks.

Fergus Ewing: Thank you, Elizabeth. Can we go to Chris Brodie now please? On you go, thank you.

Chris Brodie: Thanks Cabinet Secretary. I just really wanted to follow up on Roddy Fairley's points and I agree wholeheartedly around two issues that he raised. One on the scale of the opportunity that natural capital offers in the south and indeed the wider transition to net zero. Secondly, I say he's absolutely right. This is going to require a concerted effort right across, not just the enterprise agencies, but also the wider skills system. Without stealing my thunder for this afternoon, what I am going to be talking about briefly is the work which we've been doing in relation to the climate emergency skills action plan. Colleagues from NatureScot were part of that expert group that formed that plan and we're already working in the south with colleagues on how we bring that to life in the South of Scotland, but more of that later on this afternoon.

Fergus Ewing: Okay, thank you very much Chris. Now, I'm just looking to see if I've got any other people that wish to come in. There's a hand opposite Mike Cantlay, but Mike's been before. I don't know if you wanted to come back, Mike? If you do, come in now. If not, I'll just move on. Mike, did you want to come in again?

Mike Cantlay: No, sorry I forgot to take my hand down. I have done so now.

Fergus Ewing: Right, okay. Duly admonished. I don't know if any of my colleagues – if the DFM or if Paul Wheelhouse would like to come in? Obviously, the conversation has moved on – rightly so, I think – to renewables. I think, Paul, you want to come in. Do you want to go ahead and then Ross Johnston. Paul first.

Paul Wheelhouse: Thanks very much, Fergus. I was just responding to the fair points that were made by Elizabeth around heat pumps. Obviously, there is a great deal of excitement about the potential for utilising the natural strength that the region in terms of ability to generate renewable energy and turn that into an economic advantage. Elizabeth is right there, obviously we have to think through the deployment of heat pumps. What that means – I'll come onto it later in the infrastructure piece just around the distribution networks and the need for investment in that to be able to actually sustain the use of air-source heat pumps. We need a considerable investment in electricity distribution and network investment, but the point around the practicalities of deployment and implementation of what is a relatively new technology are well-made.

There is a sector deal being developed for heat pumps through a working group developed by the Scottish Government. We're hoping to be able to come back to stakeholders on that in the early part of this year. I may be working through the purdah period for it prior to the election, but we hope to come back to that with stakeholders and to inform what's necessary. As Chris Brodie know, considerable

work being done in the energy skills partnership as well looking at the human dimension of that in terms of the investment in the supply chain to be able to service and install these new technologies. I'm happy to pick that up with other colleagues offline, but just wanted to reassure Elizabeth and other colleagues on the line that we're very much thinking about the practicalities and the skills dimension associated that investment.

Fergus Ewing: Okay. I don't think there is actually anybody else that wants to come in, but if I'm wrong if you could please show now, it's not too late. I don't know if the Deputy First Minister would like to make any comments before I move to just some closing remarks. John?

John Swinney: Yeah, thanks Fergus. Just to say a couple of things. I think what this discussion helps to illustrate is I think the breadth the thinking we've got to bring into the discussions that we're wrestling with in the South of Scotland. That in a sense the – what your introduction helped to do, I think, weave together some of the important elements of the economic opportunities that arise out of the natural environment and how they can be made into a more substantive proposition that then creates better economic opportunities in the south. That is the whole feature of what we're trying to achieve here is to rebalance economic activity to enable greater opportunity in the South of Scotland.

I think the emphasis on the natural capital and what can emerge from that is a really important foundation of what we need to build upon. I think the contributions that colleagues have made reflect that. I think the challenge – and I suppose a lot of this comes back to the door of South of Scotland Enterprise and the two local authorities – is how we put in place the conditions that enable those economic opportunities to be realised because they are quite complex. They often involve the drawing together of quite a number of different and varied interests. The challenge is how we put together packages of support and collaboration that will enable us to make the most of these opportunities.

I think some of the company examples that Russell cited are quite interesting as the foundations about how that might be undertaken. What's always struck me about the work that we've undertaken over the years in economic development is about how – it's about how we add value to fundamentally good propositions that are emerging out of the private sector and ventures that might look slightly more marginal, how we actually use public sector intervention to create a stronger platform. There were some very vivid examples of that in the agricultural community. There's been a lot of real added value that's been generated as a consequence of the way in which different enterprises have developed their propositions and I think there's some really important lessons that we can learn there.

Then, in addition to that, I think some of how we weave together the interests of some of the – either the natural or historic environment of the South of Scotland. You know, we've seen the very significant transformation of opportunity at Abbotsford for example, which came together by a lot of endeavour by the Trust there but added to

significantly by the intervention of other interested parties and the public sector. I suppose, we keep on coming back to the importance of making sure that we're drawing together all of the necessary players that can add value and I think we should keep that principle in mind as we look through some of this important work. I'll leave it there, Fergus. Thank you.

Fergus Ewing: Okay, thank you very much, John and thank you everybody for the comments and the contributions and the conversation. I think the Deputy First Minister has really set out things very clearly and I'd maybe just add some more remarks to that. I think Elizabeth mentioned that we shouldn't generally be using the word exploitation in terms of natural capital. I mean, exploitation is a word that generally has a pejorative context although it can be neutral in terms of not allowing opportunities to go by. They should be taken advantage of. I think it was used in that sense rather than to use natural capital for what we can get out of it and cast it aside. I think that you're making a point that language is important, and we should not use words like that. We should instead use to maximise the opportunities from development of our natural capital, and we should pursue the sustainable growth of those opportunities.

I think the fundamental point that has arisen from the discussion is a collective understanding that there is a need for individuals who live and work in the South of Scotland, especially I think in the rural economy – part of it, particularly farming and forestry, should be at the heart of what we do and that's not without its challenges. I think the DFM has referred to the complexity of some of these opportunities and their development, but I do think that we must – and I hope this will be an action point – focus on how we can ensure that people living and working in the South of Scotland, and especially with the knowledge and understanding of rural economy staples such as farming and forestry, are at the heart of what we do here.

I also wanted to say that much of the opportunities will be developed if we can, for example, maximise the utilisation of our forest products. For example – and this will be extremely well-known to most of the people on this call – there are some of the leading players in the sawmill and panel products sector in the South of Scotland who themselves are developing the extent of which wood can be used as a construction material and possibly supplanting brick and concrete. The Wood for Good theme is very much of its time and a cross-lamination is allowing wood to be deployed in multistorey buildings rather than single-storey buildings. That's an area of considerable opportunity, but the development, as the DFM has said, is quite complex because in order to go further with that and particularly penetrate the markets in England, we do need, I think, to see some changes there which are outwith our immediate areas of responsibility, for example, buildings regulations.

I just take that as an example about how if we are going to increase from 12000 hectares to 18000 hectares of new plantings and we grow the timber products sector, that there are tremendous opportunities within these islands to avail ourselves further with that. I'll just conclude by thanking everybody for their

contribution. I think there is an agreement that the [dominance] of our natural capital can be at the heart of economic opportunity and if we play our cards right and if we work together and avoid the sort of silo operation – if we work together across councils, SOSE, NatureScot and our universities and colleges and the Scottish Government as well as Skills Development Scotland and others, then we can actually achieve even greater things on a very substantial scale and create more employment and opportunities for people to spend their lives in the South of Scotland and not have to leave and go elsewhere.

I think that utilisation of people and the involvement of people seems to me to lie at the heart of the discussion this morning. If I could just before passing back to the DFM, say that I have other responsibilities with regard to some of the difficulties that face us at the moment in Brexit and COVID that are going to need me to depart from the meeting at this point, but I'm most grateful to everybody that has taken part in the conversation and I'll pass back to the Deputy First Minister. Thank you.

John Swinney: Okay, thanks very much Fergus and thank you for taking us through that session. Obviously, I acknowledge that you've got other priorities to get on with, so I'll leave you to do that. I think what – looking at the time, we're running quite a bit ahead of time. I see that Paul Wheelhouse on the session. I'm assuming that everybody else that's necessary for the next item is on, so what I'll do is I'll – are you there Paul? Okay to take things forward?

Paul Wheelhouse: Yes, DFM. I'm here, no problem.

John Swinney: Yep, okay. Well, I'll let you proceed with this item. What I'll maybe just give a bit of warning about is that if we are – if you take the time that I would expect you to take on this, I think what I might do is just run the workforce and skills discussion after your session and maybe try to conclude our deliberations before we all break for lunch, maybe around about one o'clock or something like that. If you can – so I'll just give warning to those who are engaged in the workforce and skills session that I may just try to run that together after this next session and draw things to a close around about one o'clock given the pressure on multiple diaries today. Okay, Paul, I'll leave you to chair the next item and we'll...

Paul Wheelhouse: ...South of Scotland Enterprise, Scottish Borders Council and Dumfries and Galloway Council for preparing what I thought was a helpful paper which I hope will lead to a very constructive discussion on the barriers and opportunities for infrastructure in the South of Scotland. Now, clearly infrastructure touches on the lives of every person from the homes we live in and indeed the water, energy and telecommunication services that we consume to how we travel to the places we work, shop and learn and indeed of course, some of this may be in flux at the moment in terms of behavioural changes – we are still waiting to see whether these are permanent – arising from the COVID response that has been underway by business and by individuals.

The value of investing in infrastructure obviously goes beyond the physical buildings we live in and see every day, as the capacity to unlock economic potential, support jobs, enable our businesses and communities to grow. I was very interested in the number of aspects of the paper that we're going to hear on very shortly from colleagues, not least the focus on themes including investment in digital given my interest in S4GI and R100, the weaknesses of east/west transport links which I think is likely to be a subject that we'll talk about later and challenges in sustaining access to employment opportunities and to allow businesses to grow and thrive as I'm sure colleagues in both councils will want to do because the difficulties in sustaining a public transport network in what is a very rural region.

The paper also raises issues that relate to private investment in areas such as electricity distribution networks which I touched on earlier, to facilitate the decarbonisation of heat and transport and of course, that's largely private sector investment which is driven by a regulated market which is something we all have to bear in mind as well. There is clearly a lot to think about. The discussion that we'll have today, I think is very timely. Some of you will know that my colleague Michael Matheson published the Scottish Government's infrastructure investment plan last week following consultation on a draft plan last autumn. Just a reminder that plan sets out to deliver our national infrastructure mission which represents over £33 billion of Scottish Government investment in the next five years which we estimate will support 45,000 jobs in construction and their supply chains.

The plan is focused on delivering good outcomes for Scotland's people with particular emphasis on the transition to net zero emissions, driving inclusive growth and building resilient and sustainable places. The place theme is obviously a strong aspect of the paper that colleagues are about to discuss. In parallel, the second strategic transport projects review or the STPR2 as it is known, will help to deliver the vision priorities and outcomes for transport that are set out in the national transport strategy. Just as a reminder again, this is something that Mr Matheson discussed last week. Phase one was published on 3rd February and together with the conclusion of phase two in autumn this year, which will focus largely on the larger projects, this will set out the Scottish Government's transport investment priorities up to 2042.

Phase one lays the groundwork for what we hope is an inclusive greener transport network and that will be at the heart of our transport investment in Scotland. The recommendations again, just as a reminder, for the national investment priorities in the short-term includes a number of Scotland-wide recommendations supporting smart and sustainable travel across Scotland with development of active freeways and expansion of 20 mile per hour zones which is obviously something that Borders Council have taken on very significantly already. Improving public transport with reallocation of road space for buses and improved accessibility at train stations, supporting the transition to a low carbon transport with investment in alternative fuels

and progression of decarbonisation of rail and enabling larger loads to be carried by our railway network encouraging freight shift from road to rail.

These priorities underpin the 2021/22 draft budget as well which is committed to delivering a clean, efficient and connected transport network with investment of £3.2 billion including £1.6 billion for rail and bus and £100 million for active travel. We are conducting an evidence-based review of the performance of Scotland's strategic transport network across all the key public transport modes and our thanks go to everyone who's engaged in that process, particularly the regional transport working groups of which the local authorities and regional transport partnerships are key parts of. That's just a quick whip through the issues. I'm very pleased that the aims of today's paper are consistent with the Scottish Government's approach to infrastructure and I very much look forward to hearing views from members today.

I'll now invite Councillor Shona Haslam for Scottish Borders Council and Councillor Elaine Murray for Dumfries and Galloway Council to introduce the item before inviting colleagues to open up in a discussion. Over to you, Shona and Elaine.

Shona Haslam: Thank you, Paul. Can I just ask the officers, Ian and Steve, just to give a quick update into the background of this paper just before Elaine and I speak? Thank you.

Steve Rogers: Yes, thank you Cabinet Secretary. Thank you Councillor Haslam. I'm Steve Rogers. I'm the head of economy and development at Dumfries and Galloway Council and together with my colleague from Scottish Borders Council, Ian Aikman, we thought we would just take a few minutes really just to introduce some the key points in the paper before handing over to our respective council leaders, Councillors Haslam and Murray to bring things to a conclusion. I'm just going to say a few words of context really and highlight some of the issues in the economy, place and people themes before I'll hand over to Ian who's going to cover the climate change and connectivity themes.

As we've already heard, the paper that's been circulated really seeks to build on discussions at previous CoSS meetings, in particular those discussions around transport and regional collaboration which recognised the need for alignment across digital and physical connectivity including in particular alignment between transport, digital and energy which really are the three key pillars of rural infrastructure investment. The paper really seeks to discuss how we can work collaboratively to ensure that infrastructure investment supports the strategic ambitions for the future that are developing in the south as we've already heard. The work on the regional economic strategy really seeking to maximise opportunities but also address those challenges which are going to allow the full potential of the South of Scotland to be unlocked, recognising also the specific rural dimension to many of those issues.

One way in which this collaboration is starting to happen really is around our planning activity in terms of both strategic development planning and also regional economic planning. Our interim regional spatial strategy has been jointly developed

by both councils and this sets out a long-term framework with shared outcomes and strategic development opportunities and as we work together to finalise the regional spatial strategy over the coming months, we fully intend to focus on supporting the delivery of the emerging regional economic strategy and the Borderlands Growth Deal to ensure that there is proper alignment in terms of future planning. We'll also be seeking to ensure alignment and interplay with both national planning framework for the national transport strategy and also as the Cabinet Secretary has just been outlining, the infrastructure investment plan.

Just turning quickly to those strategic themes in the paper, these themes reflect the themes that are set out in our interim regional spatial strategy and they're all inter-related as I think has been highlighted in previous CoSS discussions and already flagged up today. First of all, in terms of the economy theme, I think it probably almost goes without saying that investment in our infrastructure will be absolutely key for future economic recovery and creating a future wellbeing economy. The nature of our geography with a low-density population dispersed across many towns and settlements across a large rural area, does present challenges as well as opportunities for infrastructure and future development.

One issue highlighted in the paper and the Cabinet Secretary also just made reference to it, is the existence of market failure where the private sector finds considerable viability challenges in providing or contributing to the funding of infrastructure across the region. Turning to place, a place-based approach presents opportunities really for locally driven approaches to address current and future challenges faced by our many town centres and our high streets. Building in the approach set out in the Borderlands place programme and also picking up the recommendations of the government's town centre action plan review group and a place-based approach if effectively brings together all of these themes at a local level.

In turn, really very much also highlights the people – the role of the people theme and the implication of our population challenges and issues which are highlighted in the paper which I won't choose to dwell on here. Instead, rather to highlight perhaps the opportunity given our people and our communities are one of our key strengths, the opportunity to develop further community-led and place-based initiatives such as the Midsteeple Quarter here in Dumfries which helps build community resilience and confidence as well improving our places and our local infrastructure. I'll hand over to Ian who, as I say, is going to focus very much of connectivity and digital. Thank you.

Ian Aikman: Thanks, and good morning everyone. My name is Ian Aikman and I'm the chief planning and housing officer at Scottish Borders Council. I think firstly, I'd just like to echo and endorse the points that Steve has made so eloquently as he always does regarding the nature context and ambition within the South of Scotland as well as the quality of our people, places and environment. These are significant assets and provide us with real economic opportunities for growth within the region. Steve had reflected on the joint working that we've been developing

obviously through the regional spatial strategy, through the REP and the development of the Borderlands bid as well. I think it places us in a very positive place to deliver on our strategic ambitions for the region and to maximise the potential of the South of Scotland.

As the paper reflects, all of the agencies have a strong climate change and environmental ambitions and obviously both authorities have declared climate emergencies and are developing climate change plans and that is plans which will require a region-wide response and collaborative working from all of our key partners and stakeholders to see that they are delivered. Again, as the paper reflects on, the South of Scotland is a significant renewables generator, but perhaps needs to benefit more from this development than we have traditionally in the past and that is through looking at - as has been mentioned a few times this morning - the development of the green economy within the region looking at supply chains, port industry development and obviously the development and encouragement of new, innovative green businesses within the region providing the framework to support them

Looking to take advantage of and benefit from the assets that we have. Again, we've talked about natural capital already this morning to provide us with a competitive edge to deliver these industries and to support these industries because of, I think, the very good position that we are in, in terms of the assets that we have. The paper reflects on, I suppose, the basis of infrastructure and investment decisions and that we should - and it is necessary - and I think that is coming through obviously in terms of the infrastructure investment plan looking at a more, I suppose, holistic approach where it looked at taking account of rural characteristics and making sure that rural areas such as the Borders and the South of Scotland benefit from strategic investment that is happening.

As again has been mentioned by a few people this morning, we have significant transition assets in terms of our land use, in terms of woodland, agriculture, peatlands and I think we have a real desire to develop our approach to land use obviously through the Borderlands Natural Capital Initiative and obviously through our involvement in the Regional Land Use Partnership which again has been reflected on this morning. Harnessing the opportunities that our assets provide us with. The paper also looks at connectivity and again, that is a critical to the delivery of sustainable economic growth within the South of Scotland. This is, as you reflect on yourself, Cabinet Secretary, both in terms of digital and the significant work that has already been done, but I think, there is still work to do within that area and that is something obviously, we must focus on.

Also, in terms of physical connectivity, in terms of road, rail and public transport. Linked to that transport piece really is very much looking how we as an economic area - the South of Scotland - benefit and interact with that national investment that's happening. How we connect into that in an effective way. Obviously, as everyone will be aware, the importance of the Borders Railway Extension to Carlisle

and how that connects within the region. Obviously, a lot of work in terms of it that came out of the regional spatial strategy work was looking at not just those linkages north and south, but obviously through east and west throughout the whole of the South of Scotland, but also beyond southwards to England, but also into our ports and connections beyond that as well.

There is a significant amount within the paper which I think, as I say, has been reflected on – has an interconnection with the number of other agendas that we've been talking about this morning. It sets a number of main points for discussion, but I think perhaps they're just a starter for 10. I think there's a lot that will flow from the discussion on infrastructure investment and how that inter-relates into these other agendas and obviously beyond that to those developing jobs and economic opportunities. Thank you.

Shona Haslam: Thank you Ian, that's really helpful – and I've just clicked my screen and lost what I was going to say [laughs]. Okay, I've found it again. Yeah, so thank you Ian and Steve for that contribution. Our ambition for the economy of the South of Scotland is clear, From the establishment of our Regional Economic Partnership and the exciting opportunities we are developing through the Borderlands Inclusive Growth Deal we are committed to deliver transformative change by increasing productivity, by growing the working age population and delivering a more inclusive economy. The Convention has already heard about the focus we have brought to the economic and social development of the South of Scotland and our determination to improve its amenity and environment.

We've already discussed today that natural capital plays a significant role in the South of Scotland to support the ambitions of local, regional and national policies and that there are significant opportunities for the economy in investing and developing these. But investment in that infrastructure is also vital to realising this shared ambition, to help tackle the many long-standing structural issues in our economy, to build a resilient and successful economy and address the needs we've identified in our interim regional spatial strategy. The long-term vision set out in the Scotland Government's infrastructure investment plan that our infrastructure supports Scotland's resilience and enables inclusive net zero and sustainable growth is very much aligned with the South of Scotland's ambition.

I also welcome the union connectivity review that puts this work into the UK context and recognises the links that the South of Scotland has with the rest of the UK. WE are reminded in the paper that infrastructure investment programmes and policy must be flexible and responsive to the needs of rural and dispersed communities and that we recognise that those needs will be different from urban or highly populated areas. I hope we might consider in our discussion this morning, exactly how the government and the national agencies will ensure that the investment plan becomes reality in the South of Scotland and seek a commitment from those national agencies to work with local partners on the delivery of the plan's aims in South of Scotland.

We also want to ensure that investment supports opportunity and inclusion, for example through mobile phone coverage.

While recognising the potential for investment in this, we don't yet have the level of coverage in all of our communities that is needed to achieve sustainable, inclusive, economic growth throughout the South of Scotland. Can we take further steps to address this jointly today? Investment and infrastructure is therefore vital for our businesses to better compete, offer opportunities for new type of businesses to develop, support skills development and improve access to vital services and to drive up the quality of our offer to visitors. We hear that you're committed to the south, but I want to see the detailed plan of what you will be investing in the South of Scotland. When that will happen and what outcome we are going to be delivering. Hearing some of that details today would be very helpful.

I believe that we should affirm the commitment of Convention partners to look to the future unlocking of opportunities in our region through infrastructure investment. That we work together to unlock the full potential that the region offers, and I hope we can agree those necessary first steps today. Now, I'll hand over to Council Leader Elaine Murray. Thank you.

Elaine Murray: Thank you Shona. The opportunity through Convention to influence and work with national partners to achieve solutions to our infrastructure needs in the South of Scotland is valued. The opportunity to have a consistent understanding of need, an alignment of the region's ambitions for its long-term economic and social recovery with policy are welcome. I believe it is important that we take that opportunity through Convention to collectively understand the different infrastructure themes set out within the paper and come back to specific themes in much more depth to support this at future Convention meetings. We require an ongoing dialogue on this issue.

That provides for a route to have constructive conversations on how our regional needs and ambitions can influence and support national policy and programmes across these themes and reflect rural development opportunities within these. If we are jointly successful, the south's contribution to Scotland's economy will grow. As the paper highlights, this connects to all aspects of our regional economic ambitions. Strategic investment in infrastructure is key to unlocking opportunities to tackle inclusion, employment and skills, untapping social challenges in our rural communities. Can we grasp that opportunity today?

I would ask Convention through our discussions to commit to work together and agree the first practical steps that will seek bold and innovative approaches to investment in infrastructure that recognises the unique challenges and opportunities of our diverse, rural region and support some of the resilient, stronger and vibrant regional economy in the South of Scotland. Thank you.

Paul Wheelhouse: Thank you very much Elaine and to Shona and indeed to Steve and Ian for your very helpful opening remarks. I'd like to open it up for discussion. I'll

maybe come back in myself just to answer some of the points as best I can, Shona and Elaine as we go on, but I just want to see if there is any other thoughts that colleagues may have. Any questions or points – I see Russell has got his hand up – oh, it's gone back down again, Russell. Are you wanting to speak? Of course, fire away Russell.

Russell Griggs: Okay, thank you. I think one other thing we've all learned out of the pandemic is just important connectivity in all its forms is and I think that's focused us even more economically and socially on what we want to do for the future, not just in terms of digital but in all the other things that connect us in a rural community and in our areas. While infrastructure necessarily needs a long-term approach, I think I agree with what Shona and Elaine have said. We need to take action now to make those long-term changes happen. We need to change our transport systems now they are contracted. We need to be flexible to allow small-scale housing to be built in rural communities and we going to need to work to ensure that the electricity grid can cope with new net zero opportunities and the energy transmission group that I was talking about earlier will publish its report towards the end of this month.

I think there will be a number of recommendations in there about how we take a lot of this stuff we need to do quickly forward. We were pleased to see in terms of the infrastructure investment plan, recognition, making decisions on investment using the hierarchy, but in there as an explicit commitment to take into account asset obsolescence and poor condition while ensuring that they reflect the need locally such as a difference level of existing infrastructure in rural and island communities when compared with towns and cities. That was very much reflected in the town centre action plan which Steve referred to which really highlighted the importance of making the action right for the relevant place.

I think in the communities that we have, while there will be some commonality across everything we have, we will also have to focus on our community bases. I think, for example, when our energy transition plan is published from the energy transition group later this month, one of the things that we'll say is, getting communities to look at energy as a service rather than as they do somewhat differently together. Thank you minister.

Paul Wheelhouse: Thanks very much, Russell. I should say – I should correct the record, by the way. I'm not a Cabinet Secretary. Russell's got it right, just minister, but thank you for the promotion guys.

Russell Griggs: You always get promoted Paul.

Paul Wheelhouse: No, I think there was good points. I mean, I'll maybe just see if there's any other hands up. I think we've got Roddy Fairley wanting to come in. Over to you Roddy.

Roddy Fairley: Thanks Paul. I'll just say Paul. One of the things that interested me about the paper was that actually it did refer of course to the importance of natural capital again and our national infrastructure investment plan is really quite

strong on the importance of investment in infrastructure, but natural infrastructure too. We haven't mentioned that now, partly I suppose because we've spent the previous paper talking about natural capital, but I think it is worth just reflecting that part of the infrastructure we need to invest in is in our natural infrastructure. You know, when it comes to coastal defences, flood management, our tourism offer, the carbon sequestration for net zero or the resilience that we all need in terms of the diversity of biodiversity as part of that overall resilience in the land in which we live.

That all requires investment in the natural infrastructure and it's just worth, I think, bearing in mind that that is actually part of national planning about infrastructure and as the paper points out – so I'm not bringing something in that isn't in the paper. That's a good paper and it does refer to this. I think it is just bearing in mind that actually all our discussions earlier this morning are part of what we need to be thinking about in terms of our infrastructure development as well. Thank you.

Paul Wheelhouse: Thank Roddy. Yeah, absolutely fair points. I can see Mark and Shona want to come in so I'll just them in Shona first and then Mark, I think, in that order. I think your hands went up in that order. I just agree with you about things like flood defences. Obviously, that's not within my portfolio, but there is a form of investment that we know in locations like Selkirk and hopefully in Hawick – two examples, I'm well aware of – that will enable private investment to take place otherwise that would be deterred by flood risk so whether it is along Commercial Road in Howick or whether it's in regards to the riverside area of Selkirk where I think the council made a very wise decision to invest its own funds to try and extend the coverage of the flood scheme to protect that very important business district. I think that's a very important point you make Roddy. I'll maybe bring – I think Shona, do you want to come in next and then Mark Rowley.

Shona Haslam: Thank you for that, Paul. Yeah, I was purposefully asking questions in my introductory remarks and I would be really interested to know what the national agencies think about the infrastructure investment plan. I don't know if there is somebody from Scottish Enterprise on the call this morning, but I think it would be really helpful to hear from some of the national agencies about how they see delivery of this plan in the South of Scotland.

Paul Wheelhouse: That's a good point Shona. I'll maybe just take Mark's point and then we can see if it's related to that and then I'll see if there's anybody that wants to come in from the enterprise agencies.

Mark Rowley: Thank you, minister. That promotion may come, but – and it would be welcome if it did.

Paul Wheelhouse: I'm stealing that reflection Mark. I'll be happy.

Mark Rowley: I'm not going to comment on that. We're heading towards to purdah. First of all, I want to thank you for your remarks and chat about Reston Station and the developments that are happening in Eastern Berwickshire at the moment. Reston is a piece of infrastructure. It's a piece of national infrastructure on

the East Coast Mainline and as you've very well rescued in your comments, there is a significant financial contribution from Scottish Borders Council to that. I'm not entirely convinced that it's the role of local councils in difficult times to support national infrastructure like that, but we will do all we can with the capital budgets we've got available and that is going to be a real success story I'm sure for part of the region.

What I'd like to do, is agree with you as I so often do, but also with Russell and also with the paper that there is one specific in this paper that I would like to hear a real commitment for and that is the upgrading of the distribution network because at the moment whether we want more onshore wind or solar or EV charging points – 7000 of them across the south – or more offshore wind as we do, the infrastructure on the ground simply will not cope. We all know at the moment, for better or worse, we're squandering a great deal of our wind resource at the moment because the grid cannot cope, and we haven't yet got the storage in place.

I would like to hear a real commitment to solving that problem because unless we solve that problem any more energy capacity we create – and I think we should create it in the south – is effectively like going out shopping to the supermarket and coming back and stuffing another week's groceries in the fridge before you've even looked at the fridge at what is about to go past its sell by date. It's the wrong way round. We absolutely must sort that grid issue and I know there are people working on it, but I don't think there's yet an understanding among the public of that would be resolved. That's my specific plea but thank you for the supportive comments.

Paul Wheelhouse: Thank you Mark. Just before if I see if there's any colleagues from the enterprise agencies that want to come in, I'll just maybe say – I see Elaine's come onscreen so hopefully, Elaine's going to speak. Just to say around the electricity distribution network and actually transition network which you've kind of alluded to in terms of your offshore wind remarks, Mark, I certainly agree with you these are very important areas. It's obviously an almost entirely private sector investment although paid for by consumers ultimately through electricity charges and gas charges where it relates to the gas grid. It does stray into reserved areas so what I would say is here, that we are working closely with Kwasi Kwarteng and will be working with Anne-Marie Trevelyan whose been newly made Energy Minister to try and collaborate on these matters.

We both have a common cause in making sure the networks are up to standard. There is a bit of an issue I think. I know that the electricity network in particular, that the network operators – SSE and Scottish Power – have a concern that the offshore wind developments that we are expecting off our coast maybe happening well ahead of when grid can actually connect them and at the moment, unless there is a fundamental shift in terms of the budgets that are allocated by OFGEM for this purpose, which obviously comes at a cost to consumers, allowing investment ahead of development, then there's a risk that – allow anticipatory investment, if I can put it

in those terms, then there is a risk that the sites that will be coming on stream in the early 2030's won't have grid connections.

On the distribution network, I absolutely agree. This is critical. We are, I think, all collectively slightly concerned that a very – if there is too constrained an approach by OFGEM in terms of the review of the electricity networks, which is due – we just had the RIIO-2 transmission network review by OFGEM which has had a final determination just at the end of the year, there, and it is a lot better than the original draft was in July where there was going to see a significant cut in the private sector investment in the transmission grid. The ED21 is still to happen. We're obviously keen to ensure we avoid a similar problem that we had in July, that we go in with a – hopefully as an expansive a view as possible.

I think both governments are supportive of OFGEM. We've been pushing for this and I think the UK government in their energy white paper have agreed that OFGEMs remit needs to be expanded to take into account the climate emergency now because that's not a formal part of its remit at the moment and it's focused on consumers. I should probably just – I can come back to that with you, Mark, separately, but if I could maybe bring in Elaine Morrison just to give us a view from the enterprise agencies as Shona asked.

Elaine Morrison: Thank you minister. Shona, just to manage expectation, I can't speak to the specifics of the infrastructure investment plan, but just in the wider place, making a place-based approach conversation that's articulated in the paper, one of the things that strikes me is that the primary focus of measuring place often forms around about attachments. Do people feel like they belong to a place and brand? Would other people see this as a place to live, work, grow and invest and to that extent, what we are doing we're looking to understand the economic assets that exist within the South of Scotland, working with partners who are in the south and working with Scottish development international to make sure that we bring that knowledge, those assets, into the international prospectus that we take out to market.

When we go to attract investment into the country, we need to make sure that we're best presenting what those opportunities are for the south and bringing that attraction back in to it. If a separate conversation specific to the infrastructure plan would be useful, I'm very happy to pick that up after today.

Paul Wheelhouse: Thank you Elaine. I'm just conscious of time. I need to, DFM, keep me wrong on this, but I think we've probably got about five minutes or so just to see if there's any other further thoughts and – oh, I think we've got another colleague wanting to speak and I noticed that there's been a bit of an exchange in the chat room at the moment. Nick Morris from NHW Dumfries and Galloway and Angela Cox from Borders College, so if those colleagues want to come in just to reiterate the points they've made, feel free to do so. I think we've got Roy Brannen from Transport Scotland wants to come in. Over to you, Roy. I think you are on mute, Roy. It'll be 50p in the tin for you.

Roy Brannen: Thank you. Just to say that we've had a really good engagement across the south over the last year or so with the development of the national transport strategy and delivery plan which is now being published in December. The delivery plan board is now set up and obviously we've published the STPR phase one now and are moving forward with the evidence-base through to STPR – the second stage of that in the autumn. I think that the infrastructure is already set up with the South of Scotland transport working group, the two RTPs. Colleagues of Steve and Ian's both involved in those groupings to ensure that both will gather the right evidence but also analyse that evidence to come up with the right set of outcomes.

The two early studies we did on the – the Borders study and the South-West Scotland study, those have a vast array of data now on what the transport issues are. I think we are honing down into what those interventions are likely to be and on the first phase of the report, clearly demand responsive transport was a key outcome of that STPR phase one. We talked about that in February last year when I was along last to see what would suit better in some of the rural locations in terms of moving mobility in a different to where it is just now. What I would say is that COVID has dramatically changed how we are looking at the future model of transport across Scotland, as you would expect.

It's changed the way behaviour is undertaken. It's changed the place of work. It's changed where we will invest and I guess, that sits front and foremost in why we published the STPR1 now, but also the work we're doing to look at the future of public transport and the future of transport more generally across the whole of Scotland because I think we will – it is unlikely we will go back to same demand levels as we had previously so we've got to just make sure we've got the right system of public transport and intervention for our changed future that we now face. Summing up, I think we've got the right infrastructure in place with the right colleagues involved to come up with the correct set of interventions, if you like, that align well with the work of the Regional Economic Partnership and the enterprise agencies.

Paul Wheelhouse: Thanks Roy, that's a really important point. There's been a lot of work gone into the two studies that have been done in Borders and Dumfries and Galloway and I appreciate there's other moves afoot that Shona alluded to in terms of union connectivity review, but I'm not going to get into the politics of that here obviously. I just think that there obviously has been a lot of groundwork done and we're obviously expecting – I think Mr Matheson if he was in the room would be talking about the phase two of STPR and what that's going to do in terms of identifying as you say, the bigger, larger scale projects that will address some of the requests that Shona was making around having some certainty around what investment will be taking place. We're not far away from getting to that point.

On some other areas, obviously, just to directly comment on points that Shona and Elaine have been making just around digital for example. R100, we obviously are in

a position where we have much improved knowledge than we did under DSSB of exactly what's going happen in terms of our own programme and we have a reasonably good understanding of what commercial build is going to look like. We should have between those two strands, the ability to give a little bit more support to the two councils to understand what is happening as I appreciate there's a point in the paper around the need for clarity there. I can perhaps pick that up as an action with my digital officials to try and work through colleagues who are well-known to both councils like Duncan Nesbitt whose well-known certainly to colleagues in Borders and Dumfries and Galloway to try and give a bit more clarity to them.

I'm just trying to think if there's any other actions that have been identified. Obviously, Elaine's very helpfully suggested that one around the taking forward the assets, if you like, that are international opportunities. Obviously, some of the international audiences look at big numbers so packaging them up so that they're attractive packages and investment maybe necessary to bring in money from outside Scotland and outside the UK, but that, I think, would be a very helpful action, Elaine, if you can follow that up. Clearly, we can – the STPR2, I suppose, in itself is an action that will draw out some of the clarity around major infrastructure investment.

I noted Roddy's point around reflecting the natural capital as well, if colleagues agree that perhaps that may be something that links into the previous item like flood risk management which is obviously an area where we've just recently increased the budget so there is a significant project in Hawick which involves sustainable active travel and flood management which is, think, £88 million in total - the largest project of its kind that I can recall. There's obviously some considerable investment going in and making sure that business knows that are opportunities that come of the back of that in terms of the investment opportunities in towns that are getting flood protection.

Maybe - hopefully the officials will have picked up anything else that I've missed but I just wondered if Elaine or Shona want to come back in just as we wind up just to see if there's anything else you'd like to see taken forward as action?

Elaine Murray: If I can just briefly come in and thank people for their contributions and their useful suggestions. I certainly would be interested in taking Elaine Morrison up on her offer there of the information around the investment plan. One of the other things I think that we discussed which is related to connectivity is the – as the South of Scotland Alliance – was the failure of public transport across the region. There's been reference made to that and I think that our original discussions were maybe as much as 18 months ago and it would be quite useful maybe to catch up on how maybe thinking has progressed since we had those conversations.

Paul Wheelhouse: That's a good point, Elaine, and it's obviously something Mr Matheson is looking at very closely at the – obviously a post-COVID world, how we rebuild patronage on bus networks and other public transport networks that have sort of rocked, if you like, by the nervousness that we all have around contracting COVID.

It will likely have a legacy of a long lead in to recovering passenger demand levels that we had previously, but I know Mr Matheson is keen to invest in bus and rail and do it in a sensible way. I think Shona's had her hand up. I think Nick also wanted to come in very briefly, but probably have to keep it quite brief to fit with Mr Swinney's ask of us. Shona, over to you briefly.

Shona Haslam: Thank you. I'm always very impatient with these things and I'm always slightly concerned that just having more discussion and not having actions. I think it would be helpful if officers could capture some actions from this discussion so that we make some progress before the next meeting. I think that would be very helpful and I welcome the fact that we have supported the investment plan moving forward but just to make sure that we capture those actions so that the impetus isn't lost.

Paul Wheelhouse: Thanks Shona and I think Nick was waiting earlier on, but probably had given up and put his hand down. Nick, do you want to say anything yourself just on the remarks you made in the chat room or anything else?

Nick Morris: Thanks Paul. Yeah, I was just going to build on the conversation about the fact that we're experiencing anecdotally anyway, some increased interest in people wanting to move into the area to take up careers with the NHS and I want to re-emphasise this isn't clinical roles, it's all sorts of roles. That builds into conversations we've had before about anchor institution and developing roles for people within the organisation. The key thing for me is that the infrastructure issue is obviously only important in a sense of trying to make sure people have satisfactory lives in the area and so one of the key things to that is following through on some of the aspirations these people have when they move into the area.

We have the natural capital, which is drawing them in, and we've got to be careful how we say this. We know that there's been significant loss of life from the COVID, but that's also introducing a change in influence to people in terms of what they want to see in their lifestyles. The natural capital bit is something we can build on with people who are live in current urban communities and densely populated communities. The aspirations they have, which we talk to them about, include some of the things we take for granted which is smaller school sizes, schools in local villages and easy access, access to roads and infrastructure and the stuff that we need to build on is improving the cycle pathways and some of the leisure services that exist local to people.

Things like restaurants even and making sure that survives the current pandemic outbreak, but also making sure that as anchor institutions, they offer an opportunity for people from [unclear] and their options for their families and not just members as they develop their roles in the community and into the wider parts of the economy.

Paul Wheelhouse: Right, thanks Nick. Very much appreciate those comments. I think it's really helpful. I was also struck as well – I know that Angela was touching on similar issues to do with the role of the colleges and investment in health as well

which is a welcome comment and hopefully it will be picked by officials too. Just to finish off, just that I noticed in the map that was in the paper, which is a very helpful map, just to summarise of the key investments. There was much made in the paper obviously, of east/west links, but it seems to be presented as just being east/west between the two local authorities primarily. Just in the way that that being a necessary simplification in the diagrams.

I do take it into account it's probably not – but it would be useful from a transport point of view, and maybe that's something that Roy can discuss with colleagues just about what you're meaning in a more comprehensive sense about east/west links because if any of the major projects come off in the STPR2 phase two – we don't know what they are yet, but if whatever projects are finalised, I guess it's about capitalising on those to make sure you can find ways of also addressing – if they are north/south links for example, how do you then make them actually contribute to improving east/west connectivity. If there was an upgraded transport corridor, how does that then feed into the improved interconnectedness within the region? That was just an observation.

I'd probably better wind up there because I think Mr Swinney will keen to get onto other items but thank you very much indeed for everybody for your contributions. I take the note that we need to try and turn these into defined actions as Shona is saying to try and move things on, but I'm confident and it sounds like there's a lot of good work going on whether it's in the interim regional spatial strategy from the local authority's side or NTS too. I think we're getting into a good place. I'll hand back to Mr Swinney.

John Swinney: Thanks very much Paul and thank you to colleagues for a very helpful discussion there. There will be some actions and outcomes that will arise out of those – well, actually of all of the sessions this morning and I've just approved one from the opening session and there will be others coming up. We'll come to them at the end of the session. If it's okay with colleagues, I'm going to press on with the next item which is looking at workforce and skills and we'll run this just concurrently, so we'll aim to finish just after one o'clock and give people a bit more time to get on with other things today.

I'll come to Chris Brodie from Skills Development Scotland and Joanna Campbell and Angela Cox, the principals of the two colleges in a moment, but let me just say a few words about where we are on some of the issues around workforce and skills. I think – well, pre-COVID there was obviously a very active agenda that we have to take forward in relation to the whole issue of workforce and skills. One of the key aspects of the focus behind the South of Scotland Alliance and South of Scotland Enterprise has been the recognition that we had to strengthen the economic and skills opportunities for residents in the South of Scotland.

We've seen some really ambitious proposals for the development of the skills capacity of people in – well, access to skills opportunities in the South of Scotland and the work of both colleges, the work of the Crichton campus in Dumfries, the work

of Heriot-Watt University in the Borders and the increasing connections between the higher and further education and our schools' network, I think has been something that's been a real strength in what has been developing. I was particularly delighted by the launch of the hub arrangements that were put in place by Scottish Borders College and Dumfries and Galloway College linking to educational provision right throughout the South of Scotland removing geography as an obstacle to access to learning.

It's just one really powerful example of how we can deliver access to skills in a fundamentally different way. Add to that the really important work that has gone on in recent years to ensure that apprenticeships were much more a part of the firmament of our offering, that employers were engaged in that process, that there was much more emphasis amongst employers and joined together the opportunities that could be available for young people, I think has strengthened the proposition significantly. All of that direction of travel has all been good and positive pre-COVID.

Then COVID essentially intensifies the challenge because what it undoubtedly does is deliver an economic disruption, some of which we are seeing in the South of Scotland with the disruption to some key sectors particularly in tourism and hospitality. I think in all honesty, we all probably expected greater disruption than what we have actually experienced so far, and I think there's been a significant amount of insulation of that economic disruption from the continuation of the furlough scheme from the United Kingdom Government and the role out of various elements of business support schemes which have come through the Scottish Government. All of that, I think is insulating us currently from an economic impact that will come. It will be an economic and skills impact when it will come and that will be of a significant proportion.

The Government planned that we would be likely to see and experience a lot of that in the autumn. We've not seen as much of it as we expected to, but our assumption is that as we move through this year, we will begin to see more and more of that impact. Our conservation today has therefore got to look very closely at how we build on the existing work that is underway to put in place a good and strong skills and learning proposition that is accessible to residents in the South of Scotland, ideally in their localities minimising the necessity for travel. Then, also how do we intensify that work given the fact that we're going to face a greater economic shock and some of the opportunities for us to develop possibilities for citizens might be challenging because employers may not be in as strong a position to open up for apprenticeships or other opportunities as we may see fit.

Now obviously, we have a number of propositions in place. The Young Person's Guarantee that the government has put in place helps to structure a lot of this thinking, but I don't think it should make us oblivious to the scale of the challenge. That's the background I would offer. Safe to say that we come at this from the point of view of wanting to make sure that every individual can remain in engaged purposeful activity. I think that principal is something we really need to remain very –

to retain very centrally in our thinking. If we can do that, then I think we can perhaps focus our agenda and our actions on what we can do to try to address some of these considerations. That's enough from me introducing this item. I'm going to hand over to Chris Brodie from Skills Development Scotland and then I think Chris will be handing over to Angela Cox from the Scottish Borders College. Chris, over to you.

Chris Brodie: Good afternoon and thank you, Deputy First Minister. I believe I have a few slides so I'm hoping that the elves in the background is currently just about to load these up. As if by magic, thank you. I'll just begin – this is the third time that I've presented at the Convention of the South of Scotland on behalf of all team South of Scotland partners on the workforce and skills challenge in the south. Last September, our central focus was very much on understanding the scale of the challenges that were being brought about as a result COVID. This afternoon I want to focus on two critical issues. (1) what that collective response to the immediate challenges of COVID has been in the South of Scotland, but perhaps more importantly and reflecting a large part of the conversation we've heard already this morning, to begin to outline how the education and skills partners in the south are beginning to mobilise around some of the mid-term challenges and opportunities that we've heard discussed this morning.

If we can just maybe move to the next slide. The important place to start of course, is to recognise that we are still in a very challenging place at the moment in terms of the economy and the labour market. We already know that the ongoing public health measures are continuing to have a significant impact on how businesses can operate. As we've heard mentioned this morning, particular challenging implications for the tourism sector, the hospitality and retail sectors and indeed any sectors that are reliant on facing out into the public. We also know that Brexit has for some businesses particularly in food and drink, caused additional problems in relation to moving goods across the EU border.

I think it's really important to note that in the face of what have been a series of really unprecedented challenges, the response in terms of business support has also been unprecedented and managed primarily by our colleagues in the local authorities and in South of Scotland Enterprise. Nearly 7300 business support grants delivered by the start of December last year totalling a value of just over £76 million. Deputy First Minister, in his opening remarks, made the point that we haven't yet seen these economic challenges translating into the labour market, so unemployment has risen to about 3000 on the official count and that employer rate at 2.6 is considerably below that for the rest of Scotland.

What's absolutely clear is that the headline unemployment figure is not telling the true story in terms of distress in the labour market nor in terms of the challenge that we might anticipate for the coming months. The same number of staff – 3000 people who are on furlough at the moment at the end of December, it's still clear that recruitment activity is somewhat below where it was pre-pandemic and looking into both the pay support service some of the intelligence and insight we've been

gathering across team South of Scotland partners, it's clear that redundancies remain a significant threat. Something like 690 people had received pay services in the last eight months of 2020. The insight that has been gathered across team South of Scotland partners suggests that the number of companies who are potentially in distress and considering redundancies could be as much as two to two and a half times greater than we're seeing through the official figures.

In all of this, we remain significantly concerned the impact of the pandemic on young people's employment transitions and education transitions. There are around about 2700 secondary school leavers who will be coming out of school and into a very challenging economic environment and around 1600 college and university leavers qualifying who again will be coming out into that very challenging environment. We anticipate that we could see up to 300 young people under the age of 25 being unemployed by the middle of the summer. We're also picking up significant intelligence from colleagues in the colleges that there is an increased potential for FE students and HE students indeed not to complete their studies or to defer the completion of their studies, so a very challenging situation remains.

Move to the next slide please. What I want to do is just briefly highlight some of the work that has been underway over the last six months. I think the first point I would make around all of this is that this has absolutely been a collective and collaborative effort right across team South of Scotland partners. The starting point for me is we have really taken a strong approach to understand evidence and insight both in terms of the scale of the challenge, where we see short-term and mid-term employment opportunities and critically a lot of work has been done to understand and scale the different customer groups that are likely to be impacted by the pandemic.

A significant mobilisation of the [unclear] across local authorities and colleagues in SDS and Scottish Government and that's been supported by a significant upscaling of enhanced employability support through the two local employability partnerships. In SDS, we've deployed a number of apprenticeship support measures including adult apprentice – an apprentice employer grant which incentivises companies to take on new apprentices. Between ourselves and colleagues in Scottish Funding Council and the colleges and the universities – HEI's – we have been actively working to develop our revised provision offer which not only recognises that there are a significant number of people who have been affected by the pandemic, but critically it looks to get people into those short and mid-term employment opportunities.

There's also been a huge amount of work undertaken across a number of the sectors that have been impacted by COVID. I'll pick on two particular examples. Dumfries and Galloway Council, Confor and SDS ran a forestry skills summit in December that was chaired by Cabinet Secretary Mr Ewing. In respect of tourism, the South of Scotland Destination Alliance, Visit Scotland, the two local authorities and South of Scotland Enterprise have also created a tourism recovery programme

which also aligns support for businesses to invest in digital skillsets so a huge amount of collective and collaborative effort in terms of that short-term challenge. Move to the next slide, please.

Now, I said at the outset that our collective attention respect of workforce and skills is increasingly moving towards the medium-term and the post-COVID recovery period. We've heard this this morning, but it's important to emphasise that many of the challenges that we were concerned about pre-COVID have not gone away and indeed have intensified. I'll pick through just a couple of these very briefly. In terms of demographic trends, we know that the region has a shrinking working age population over the next 20 years, and it is still the case that too many young people feel they need to leave the region for education and employment. Crucially, not enough of them return. The labour market implications of Brexit [inaudible] intensify those pressures in terms of workforce availability.

In short, it is going to be more difficult for people from the EU to come and live and work in the region in some of the sectors that are really important to the region such as tourism, hospitality, and social care. It's also important to recognise that we see some significant opportunities on the horizon. We've heard a lot about the transition to net zero and I will pick up on that in a moment. I think it is also clear that the change in nature [between] work, in particular, the extent to which a whole range of businesses across a range of sectors have adopted remote working as a norm. That just fundamentally changes the relationship between where people live and where people work. We're absolutely of the view that that presents a significant opportunity for the south.

You only need to look at the research that was published Rightmove last week that shows a massive shift away in property searches from urban areas towards both suburban areas and in particular, rural areas. We think there is an emerging opportunity there. Finally, it's clear that all of our efforts are going to need to be underpinned by a clear and compelling economic vision for the south and that's why the work that has undertaken through the REP to develop a regional economic strategy is absolutely crucial. We're absolutely of the view that the direction that the regional economic strategy sets provides the underpinning basis on which we need to plan our future investment in skills.

On to the next slide please – and the next slide. I just want to spend a couple moments to just speak about the [negative] transition and the skills response that we've had a lot of conversation about that this morning. We published the climate emergency skills action plan on December 16th deliberately to align with the publication of Scottish Government's climate change update. The reason that that was deliberate is very much that clear recognition that the transition to net zero presents an absolutely transformational opportunity for Scotland, but that the skills investment needs to follow and match that economic ambition.

It's clear the transition to net zero presents the potential to create tens of thousands of highly skilled jobs right across the country and we've heard this morning on

numerous occasions, the South of Scotland is particularly well-placed to capitalise on those opportunities. What the climate emergency skills action plan sets out is that need for collective actions. It is absolutely essential that we've got the engagement and leadership from employers and from industry and from our colleagues in local authorities in respect of investment to help signal the [timing] of green jobs and it's going to require a concerted effort right across the entirety of the education [inaudible] system and from all partners to inspire young people to think about net zero and green careers, to help those who have lost their jobs in the pandemic to reskill into these emerging jobs in green industries.

Critically important that we've got the tools to help those workers in sectors that are going to be impacted by the transition to net zero to upskill and finally, we think there is a huge challenge the skills system whether that be work-based learning, FE and HE to actually align curriculum [unclear] the needs of the net zero transition. I'll just move onto the last slide. What are our priorities for this year? As Russell mentioned earlier on this morning, we had the first meeting of the education and skills strategic coordination group and it was a terrific meeting both in terms of that unity of purpose in the south, but critically setting a direction for us over the next six to 12 months.

That group has a number of things on its radar. The first is about the ongoing implementation of the regional skills investment plan and critically responding to the regional economic strategy. We recognise that the economic strategy is going to change the dynamic in terms of where we see future opportunities. A significant effort in driving alignment of FE provision, HE provision and work-based learning provision as well as upskilling provision behind those future opportunities whether they be in the net zero economy or digital economy or in health and social care. We think there is a significant bit of work to be done to understand the right balance of investment between the different forms of skills investment.

We also are picking up on discussion at the last Convention implementing some joint work which is currently underway to understand how we can develop innovative approaches to apprenticeships in a number of sectors including engineering, manufacturing and food and drink. We think we've got a critical role to ensure we can continue to expand the digital delivery of skills whether that's in the colleges or across HE partners in the region and a really important role in making sure we maintain and expand education, training and career opportunities because that plays an important part in retaining young people.

Finally, back to where I started. We also – this group will also be the custodian for ensuring that we've got a clear, consistent and regionally sensitive evidence-base on all of those future skills requirements that partners can use to inform their investment. I will pause there, and I am going to hand over to Joanna and Angela who are going to speak a little bit about the colleges' response to the agenda we've just talked through.

John Swinney: Thanks very much Chris. Very comprehensive detail. Angela, over to you first of all and then Joanna. Thank you.

Angela Cox: Thankyou Deputy First Minister. Both colleges continue to collaborate with key stakeholders and each other to address the immediate and future skills and education needs across the South of Scotland. We are going to outline what we are doing now, and Joanna is going to focus on the future skills work that we are collaborating on. Over 11,000 people continue to access learning across both colleges despite access to the campuses being limited. This includes 650 apprenticeships, over 800 senior phase pupils and over 850 HE learners. The continued adoption of technology has made this possible. They continue to progress a learning of 750 deferred students from 19/20 academic year who were unable to complete their qualification because of a lack of practical opportunity.

We have supported over 1500 students and apprentices to access learning digitally by providing laptops, tablets, data packages and dongles and partnerships. The colleges have launched over 80 programmes on our DigiSkillsScotland learning platform to support individuals to upskill or reskill in response to the economic crisis. These include learning opportunities in digital skills, green energy and health and social care. The offer will continue to be added to and updated as LMI becomes available from both STAs and our local networks. Both colleges are working with partners to ensure that no one is left behind as a result of the COVID pandemic.

We are key partners in the Borders Learning and Skills Partnership and the Dumfries and Galloway Local Employability and Skills Partnership. These partnerships ensure the flexible, joined-up response to labour market intelligence. Examples include both colleges guaranteeing a college place for all young people, providing bespoke employability training for the identified cohorts and working with employers to take full advantage of the Kickstart programme. As the Deputy First Minister and Chris has already highlighted looking ahead we are facing a perfect storm. It's likely that the large volume of students studying practical programmes will be unable to complete in this academic year due to the necessary ongoing restrictions.

In addition, we anticipate the take up of upskilling and reskilling to rapidly increase as the furlough scheme comes to an end. Without support, both colleges will not be able to support the volume expected of us in the autumn term and be the risk of losing a lost generation in the South of Scotland unless we can access support. However, at the same time there are many opportunities to reshape what we do moving forward, and I want to hand over to Joanna who will outline some of the things that we are working on at the moment. Thank you.

Joanna Campbell: Thank you Angela. As Angela says, I'm going to outline what both colleges are doing to support the future education and skills needs of the South of Scotland. We have recalibrated our curriculum offer in conjunction with colleagues in both local authorities and the regional DYW boards and as a result have expanded the range of educational pathways for school leavers and senior phase pupils in subject such s engineering, health and social care and also digital technology. Both Angela have worked closely along with the rest of the college sector to support the

Young Persons Guarantee through programmes such as foundation apprenticeships at level four and five, Kickstart and Pathways to Apprenticeship programmes.

We continue to lever the investment made in the learning and skills network with over 20 venues connected to the colleges for our communities to access learning. This investment has also enabled us to create a joint virtual platform called DigiSkillScotland which offers a range of upskilling and retraining programmes and many of these programmes have been offered as part of the expansion to the Flexible Workforce Development Fund. You'll see in the supporting paper that both colleges have identified an opportunity to work with regional partners to create two skills training academies. One in digital skills and one in green energy. Although we're at the early stages of the delivery, both colleges are poised to support the growth required in both these key sectors as we transition towards a net zero society.

Another key development in shaping our future connected and integrated tertiary education system is the work both colleges are engaged in with university partners. For example, Dumfries and Galloway College are working with the University of the West of Scotland on the West of Scotland educational pathways project, the aim of which is to expand the range of undergraduate opportunities for learners. Similarly, Borders are reciprocating this type of approach with partners at Napier and also Edinburgh University. In conclusion then, we've outlined the degree of agility and flexibility both colleges have demonstrated to mitigate the impact the pandemic has had on the labour market whilst also establishing opportunities for future growth.

We are sighted on the need to support the recovery process and to ensure that people and businesses are equipped with the necessary skills for current and future labour market opportunities. We will continue to do this as part of an education-led recovery. However, my final point would be that this is really just a starting point. We don't necessarily have all the solutions. Therefore, it is incumbent that we will continue to build on the progress made to date in collaboration with our partner agencies. Back to you, Deputy First Minister.

John Swinney: Thanks very much Joanna. Now, there's a huge amount of detail – a very comprehensive effort, but of course, the scale of the challenge is such that we need to have that in place and the colleges – well, the collaborative work of the colleges and Skills Development Scotland with a whole variety of players is going to be critical in making sure that that fundamental priority of ensuring that all of our citizens can remain engaged in purposeful activity is a key challenge on which everyone is focused so thank you for all that you are doing which I'd recognise to be comprehensive and it's in challenging circumstances because we have got a lot of issues around about deferred places which I know are a worry to the colleges because of the interruption to learning.

It's a point that we need to look at very – we're obviously looking at very closely. Right, can I invite contributions. I can see that Mike Cantlay wants to make a

contribution and if I could invite anyone to raise their hand and we'll get them into the conversation. Mike.

Mike Cantlay: Yes, hi – so, a comment as chair of Scottish Funding Council. I wanted to commend the work colleges – in particular our two key institutions. Some tremendous work in terms of aligning and I hope you see that in the paper and how government institutions – SDS, my own colleagues at SFC – are working to try and create something quite bespoke in the south and I think it's coming together really well. You challenged us, Deputy First Minister, in terms of the proposition. I mean, I do think we have a really strong proposition. We all fear that there are worse times still ahead in some of the challenges that we face, but I think we can be confident that we have the proposition in place, and we will respond in the areas where perhaps we need to going forward.

I think the one thing I wanted to say in particular with the South of Scotland in mind and funnily enough it brought to mind as I noticed a teenager behind you busy at work, Deputy First Minister. I have two teenagers here who are accusing me of breaking the printer. I will attend to that shortly. I mean, our young folk who would usually be at school are here at home and young folk who have left school are at home as well and our young people furloughed who have found work and are furloughed et cetera. There's just the most enormous challenge. We could have the best proposition in the world, if we can't communicate and sell and inspire the young people who are going through this crisis as to the opportunities that we see, then we will struggle.

I just thought in the context of just one project – peatland restoration that we mentioned earlier – and the focus of government which is very much focused over the last – well, really through the period of COVID on one of those projects that we were talking about earlier. The ambition is to spend £250 million by 2030. That is to undertake 250,000 hectares of work by 2030 and that is about a quarter of the work that needs to be done in Scotland. If, for anyone who is interested in work in contracting peatland restoration which is great work, quite frankly, it's a lifetime's opportunity sitting there that has appeared through the context of COVID. The world of employment post-COVID will be different and inevitably we are going to have to use different communication channels to try and achieve that and perhaps my point is, in the South of Scotland, a rural based community, we can try different techniques and different tools to try and catch the imagination particularly of our young people to inspire them to take up the opportunities that are most certainly there.

John Swinney: Thanks Mike. He's not quite a teenager so it's bad enough as it is just now without looking forward with horror to what that perhaps will bring to us. Right, other contributions? Roddy Fairley.

Roddy Fairley: Thank you, Deputy First Minister. Following on from my chairman, although he was speaking for the Scottish Funding Council there, but of course he's our chairman as well. First, I would like to echo his comments really about the work that's going on in the colleges and indeed the universities and indeed

in the schools as well, and the way in which they're trying to make clear linkages into proper training for sustainability and net zero and recognition of the changes that are coming or are already upon us as we move through this time. I too have a daughter here. She's not quite behind me but she's not very far away, you know, who has been through Dumfries and Galloway College and is now at the Borders College campus but working in the Heriot-Watt University which shows in South Scotland, we do have a bit of a seamless transition east and west. She's moved from school here in Dumfries and Galloway into the college, into Heriot-Watt in Galashiels, but of course she's working from home at the moment. There are ways that are working and it's good.

What I want to add to though is what Mike was saying there about – I mean, he used the word inspiration and as did Angela actually when she was talking too. I think that's a core part of what we need to be delivering is increased inspiration to the young people that are coming up. That some of these alternative routes into future work are absolutely what they want to do because there are still too many of us in society who are pretty conservative in our views and think, oh well, that's pretty risky. That's pretty unusual, that's different. That strong element of inspiration and therefore leadership is still vitally important.

The other really detailed point I want to make – and this is getting quite nerdy really – is actually into that area of the apprenticeships and how we need to have and need to develop from my point of view anyway, a much more shared and cooperative approach to apprenticeships because lots of the businesses in the rural areas are small. They cannot bring in an apprentice for the length of time, the depth of training and actually the range of training that young people need. We need to find a way in which we can move apprentices through a wide range of businesses and that applies to agriculture – you know, through agricultural contractors, through a range of farms, through a range of farming systems as they go through the system. Same with forestry – the forestry contractors and the forestry systems, the estates. Same with fisheries and actually a blend of all three, forestry, fisheries and farming and take them through.

That sort of process of shared apprenticeship that brings them out at the end with a range of opportunities in front of them rather than something that might be unnecessarily narrow. It doesn't just apply to land management. I've been involved in conversations in the energy sector where – with the plumbing industry for example. We need to find ways of actually bringing people through that and there are relatively small number of large suppliers that can take on apprentices but a huge number of very small suppliers that could share that apprentice process. That's my other point is that we need to look into developing that much broader shared apprenticeship approach that is working elsewhere in Scotland, but I think we desperately need down here in the South of Scotland too.

John Swinney: Thanks Roddy. Russell Griggs. I'm not hearing you, Russell.

Russell Griggs: Sorry, Deputy First Minister I was...

John Swinney: I am now, yep.

Russell Griggs: That's fine. I want to take something that Roddy has said and expand on it and add a bit to it as well. I think his point about shared apprenticeships is very important because as we start to identify some of the opportunities that we've talked about this morning, not just in green jobs, but in, for example, working with our seven RSLs – Registered Social Landlords – to see what they look like as a customer for small subcontractors. One thing we need to do in the South of Scotland as well as all the other things we've discussed this morning, is – and develop a stronger and bigger supply base so that we're not continually bringing subcontractors down from the Central Belt of Scotland. I think that will mean that – and Roddy's point about us working more and more with small companies to help them develop skills across maybe four or five of them is the way we will go forward.

That may also be as I can remember my son whose considerably older than both your lad, Deputy First Minister, and Mike's. When he went to decide what art he was going to do at university he had a foundation course looking at all the things you can do in art. One of the things that has been suggested to us is maybe we need a foundation course on food and drink because there are so many opportunities in food and drink across the South of Scotland that you need to start to have a look at where each of them settle. I think we need to be quite diverse and we need to be shared look up – much more shared apprenticeship. However, to do that I think that's one of the things that we need to be integrated on, so we all need to be pointing in the same direction.

It's interesting. One of the things that the new skills group which I chair which Chris was mentioning earlier, is looking at is to look at the clutter. I can only call it the clutter of skills groups we have across the South of Scotland where we're certainly not short of groups looking at skills and I guess what we need to make sure is they are looking on the same way we're all integrated. It was really to take Roddy's point and take it to – and widen it out to say because the nature of our economy over the next few years if we're going to take all these opportunities in green jobs and elsewhere, we are going to have to get down to a much smaller level in how we deal with people and therefore maybe foundation courses that look across different types of jobs within sectors.

Finally, I think we also look at career development. Having spoken to the [carer sector] over the last two years, and spoken to young people that go in there, the one thing they cannot see as a career development as a place to go to, and that's another thing I think. We have to show that if you go to work in one job somewhere, you can easily go on and do other things going forward. That's all I wanted to say, Deputy First Minister.

John Swinney: Thanks very much Russell. Could I – I'm interested in the way in which we've got the work that we're talking about in relation to skills opportunities relate to the school sector and Angela and Joanna have talked a bit about that in relation to the provisions that the colleges take forward. I wonder if any of my local

authority colleagues want to come in on some of that? Shona, I see you indicating there. Please come in.

Shona Haslam: Yeah, I think the textile innovation centre at Hawick that's actually based within the High School is a really good example of that. About how we can integrate further education with higher education, and it would be great to see that model rolled out across the rest of the South of Scotland. I know in Borderlands there's the Dairy Nexus and also the mountain biking innovation centre. We have this innovation happening, it's just how do we link that innovation in with further education and higher education. I think the expansion of foundation apprenticeships will be a really important way of doing that.

I know Border College already does a mountain biking course – a leadership course which is really innovative, and I know is very popular with the young people and particularly in this area who are all mountain biking crazy. My son – dragging him to schoolwork and away from his bike is always the tricky thing I need to do in the mornings, but I think that link up with the innovation that is happening in business and linking that up to further and higher education is really key.

John Swinney: Thanks Shona. Mark Rowley?

Mark Rowley: Thank you Minister. Can I just amplify – there's been a bit in the chat and some of the comments that have been made, the absolutely critical importance of the food sector. I think if we could look at that in a more focused way and I think that's even more important post-COVID because we have some fantastic food producers across the South of Scotland. You've only got to go onto Twitter, and you'll meet half of them within about 20 minutes. Some really innovative companies, some small, some large, some in-between, but many of those – and I think we referenced Burnside earlier on – have been absolutely hammered by the ravages of the hospitality and the tourism industry which was a huge market for a lot of those producers.

It is a very tricky sector to get in if you're not part of the farming family or you're not particularly entrepreneurial. I'd absolutely emphasize that that is not just an industry sector but an educational sector that we could have huge advantages here in the South if we invested in that and pursued that rigorously.

John Swinney: Thanks Mark. Any other contributions from colleagues? Right - now, let me see. No – yes, Linda McLeod.

Linda McLeod: ...Deputy First Minister. I'd just like to add to your comments – the two comments that you made around the link of schools' provision with our college and universities and also the links with employer engagement. These are two aspects that the SFC is currently picking up in its phase two review of coherent provision and we'll be reporting in March on some of the thinking and direction of travel on this so it's absolutely key to this area of work. Thank you.

John Swinney: Thanks Linda. From my part, I think part of the – what I think is really exciting about what is happening in the South of Scotland is the linkages that

can be possible to gain access to learning through the use of digital technology. The way in which the colleges are positioning themselves to make that a practical and plausible option is really a strength in how we navigate our way through the scale of the challenge that we face. I think the more we can build that thinking into what we do, the better so that's a very welcome aspect and having schools very much – the network of schools around the geography of the South of Scotland able to be connected digitally to the college is a really important set of connections to take forward.

Okay, Chris do you want to reflect on any of these points that you've heard or Angela and Joanna?

Chris Brodie: Just take myself off mute. Just really to say thank you to Joanna and Angela in particular for supporting the presentation this morning. I think there's been a number of interesting conversations on the sidebar. I would just emphasise that we are moving at pace in terms of this agenda. There is some live work at the moment off the back of the last Convention where colleagues in the South of Scotland Enterprise along with ourselves are leading on a piece of work to really get underneath the skin of some of the real and the perceived barriers around apprenticeships.

We really welcome that relationship between important emerging sectors and the opportunities to deploy new pathways into them as part of our response to the pandemic. I think the opportunities around foundation apprenticeships, in particular with food and drink, is something that is really interesting I'm sure we'll want to pick up over the coming weeks.

John Swinney: Thanks very much Chris. Joanna, Angela? Angela, do you want to come in?

Angela Cox: Yes, thank you Deputy First Minister.

John Swinney: Then I'll come to you Joanna.

Angela Cox: I just want to pick up on something that was highlighted in the text bar around enterprise and we haven't touched on our regional skills investment plan this morning, but of course there are still things progressing as a result of that regional skills investment plan and the colleges having gone through a skills alignment audit. We know that the world has changed, but there are some priorities in there that won't change and that's around leadership and enterprise, advancing digital skills and providing more higher-level skills. That work is going on in the background as well as the things that we have talked about today.

John Swinney: Thanks very much, Angela. Joanna?

Joanna Campbell: Thank you Deputy First Minister. I think I just wanted to conclude by saying that hopefully we've been able to give members a view of the ecosystem if you like that we're trying to build across the education space, and the degree of flexibility that is being applied. Models that work elsewhere in Scotland don't

necessarily work in the South of Scotland so we've really tried to be flexible and adaptable in putting something in place that will suit the skills needs of the South and where we've been able to do that is really through partnership and hopefully everybody has had a flavour of how that's operating this afternoon in what Chris and Angela and I have presented.

John Swinney: Thanks very much Joanna. That's very helpful indeed. Now, let's – right, well thank you very much colleagues. There's a lot of good activity going on there and I think the crucial element is that we've got to have – I think Mike Cantlay used the alignment word. We've got to have alignment in all of our work to make sure that the purposeful engagement of individuals can be assured as part of the activity in which we take forward. I think certainly from – the key point that I would draw out to conclude this session is the importance of making sure we have absolute alignment in all of the work that we can take forward and that we are focusing very much on the needs of individual learners to provide them with the appropriate opportunities to develop their skills in what we know is going to be a challenging period.

I'm seeing just the word, inspiration appearing in the chat function and I do agree very much with Roddy that the space for inspiration in this challenging time is really very significant and we – you know, I think there is a general question here and it is one that is vexing ministers about how we can properly – we're very worried about where young people are, how they are feeling, what they're experiences are and we are considering just how we best address that and how we make good on what are clearly significant sacrifices and challenges that young people are having to make in this context and to find a way addressing that satisfactorily and effectively in this context. We need to think further about that, and views of colleagues would be beneficial.

Right, that brings us to the – we've kind of raced through things today, but perhaps digitally we're moving slightly more at pace. My colleagues are asking me to [inaudible] some form of break so that we can actually address the outcomes that we need to hear from people. I'm not quite sure where we are with outcomes? If I can get any advice from any of my officials online? Right, well I think what we might well do colleagues – well, can we – are you able to put up the first two? Do that please, okay.

Okay, so this is the first one on Regional Economic Partnerships. The Convention welcomed the progress made in establishing the Regional Economic Partnership and its role in shaping the agenda for today's meeting. The focus on progressing the regional economic strategy at pace was also welcomed and members committed to supporting engagement activity which will [inform] by encouraging and promoting participation through their networks. Members noted the potential for the region to capitalise on a growing green economy, but the digital connectivity will be a key enabler.

The Convention recognises that the team South of Scotland approach has been successful in aligning funding support and intervention for businesses impacted by the COVID-19 epidemic and agreed it's imperative that the approach continues to in view of the ongoing restrictions and resulting challenge to economic recovery. The Convention reaffirmed its commitment to work together on future funding support to strengthen economic recovery in the region and committed to take steps to ensure this outcome is achieved. Any reflections on that?

Oh sorry, the Convention also needed to secure an effective replacement of EU funding for the rural economy. It is vital to the region's economic recovery and that members will work together with the Regional Economic Partnership on a way forward to secure replacement funding which will be vital in supporting economic recovery.

That collaborative effort will require to be sustained and in practical terms team South of Scotland's approach must be supported by national agencies. Okay, any views, comments on that? Okay, I think we're content with that one. Can we go on to the next one? Natural capital and the regional economy. The Convention recognised the high importance of the region's natural capital to the region's economy and jobs, the strong natural capital expertise in partnerships that already exist in the region as reflected in the Borderlands Inclusive Growth Deal submission and the considerable potential for the contribution of natural capital to regional jobs and economic recovery to grow in importance as public and private investment increases in opportunities such as sustainable food production, nature-based solutions for climate change such as woodland expansion and peatland restoration and mature-based tourism.

Possibly the longest sentence I've ever read in one go, but I think it says what needs to be said. The conference agreed to work together collaboratively to ensure that these economic benefits from natural capital are enjoyed within the South of Scotland by communities and land managers by creating employment opportunities, by training local people in the new skills required and by working with businesses to develop markets and enhanced opportunities and confidence. The development of the regional economic strategy provides an immediate opportunity for this collaborative action. Is that all in that one?

Unidentified Male: Yeah.

John Swinney: That's fine. Any reflections on that? Okay. Now, you'll be waiting for the infrastructure ones to get approved by Paul Wheelhouse I take it.

Paul Wheelhouse: I've fed back – sorry, Deputy First Minister. I've just fed back. There was only one small change just to add an interim to the regional spatial strategy. The only other thing I just wondered whether it was maybe worth referencing natural capital because Roddy fairly mentioned that in the session, but that wasn't formally reflected in it.

John Swinney: Righteo, if we've got that one up on slide we'll have a look at that. In terms of the work on skills, I think – I don't have anything in front of me yet, but what I think would be best to agree there is that we welcome the focus on skills that has emerged from the presentation and stress the necessity for alignment and to ensure active engagement for all learners at all times. Now, we've got to outcome three. The Convention welcomed the publication of the Scottish Government's Infrastructure Investment Plan for 2021-2022 to 2025-2026. Noting the Convention's interest in the key themes of the plan and its commitment to delivering better outcomes for Scotland's people.

In particular the commitment to taking a place-based approach to considering infrastructure needs was welcomed as was the attention placed on natural infrastructure noting the previous discussion on the economic, social and environment benefits of natural capital. The Convention discussed the key priorities of the region as presented in the paper and the recent regional spatial strategy submission identifying key priorities within transport, digital and energy infrastructure. The Convention recognises the process underway through STPR2 to identify the strategic transport interventions building on the southwest Scotland transport study and Borders transport corridors studies and working through the STPR2 and South of Scotland Regional Transport Group which includes memberships from local authority partners represented in the Convention and the regional transport partnerships.

Phase two of STPR2 is due to report in [Autumn] 2022. Transport Scotland will continue to engage with partners to ensure alignment in the evidence-base as partners develop their indicative regional spatial strategy and regional transport strategies including east to west links within the region. The Convention recognises the impact of COVID-19 on public transport and the need to engage further on maintaining viable public transport models given the impact on transport demand. Okay? Then an interest in ongoing infrastructure discussion was noted and the need for ongoing collaboration to ensure maximum benefits to the region from the delivery of the infrastructure plan and regional spatial strategies including with the national agencies.

The Convention shall consider the collective approach to international marketing in order to attract investment. Any observations on those?

Shona Haslam: Yes please DFM. It's Shona Haslam.

John Swinney: Shona, yes sorry, I wasn't sure if that hand was old or new.

Shona Haslam: Yes, it's a new hand. If you just go back to the previous slide on the third bulletin point, given that our infrastructure will inevitably be cross-border to the rest of the UK and also our Northern Ireland links as well, I wondered if it was worth mentioning the Union connectivity review as well as the strategic transport study just to make things complete. I think it's quite an important point and I don't know how others feel about that. Also, in terms of actions, I think we need to be a bit

more concrete in terms of actions moving forward and just to make sure that we're catching our impatience for moving forward with this one.

John Swinney: Okay. Could we see that bullet point again please in the previous slide? Just give me the change again, Shona.

Shona Haslam: We mention the STP R2, but I think it's worth adding in a short paragraph about the Union connectivity – welcome the Union connectivity review in to promoting infrastructure links with the rest of the UK or something along those lines. I'm sure someone who's better with words than me would have better wording.

John Swinney: Mm-hm. I think we can certainly note the Union connectivity review Shona somewhere in there. We'll make that change.

Shona Haslam: I'm happy with note.

Unidentified Male: I think – if I can Deputy First Minister – noting would probably be better than welcoming, I think, given the – obviously, there's some political differences of opinion over the Union Connectivity Review. It might keep it more neutral.

John Swinney: Precisely. Okay, Mark?

Mark: Thank you, Chair. I can understand sensitivities over that, but I think it is welcome to note it because it is happening and certainly as a Council, we have responded to it. Could I just flag up – and I'm not necessarily looking for an alteration here, but in that bullet point it is very heavy about ongoing processes, processes – whatever. No, I absolutely appreciate that those processes need to go ahead, but I wonder if we could have some commitment for relevant national agencies maybe at the next Convention to come back and actually give us something more concrete? I recognise there's a commitment today on several areas to have more engagement with local authorities on this, but I think there is a concern out there that sometimes these processes appear to be dragging on forever and ever.

The perfect example of that is the public understanding of Reston Station which has been worked on for more than a decade. It is now actually happening and we're very thrilled about that. Post-COVID I think we need to find some way of accelerating some of those processes or at least getting more regular updates about some of the outcomes coming out of that.

John Swinney: Certainly, I think it's a – I think the infrastructure issue is something that we can come back to – that we need to come back to because it is fundamental to the agenda the South of Scotland. I think we can certainly arrange for an update discussion at the next Convention. I think that would be helpful to do so. I think, [you said] in my experience, I'm afraid infrastructure projects take a long time. It's just a fact of life and they have to be assessed and prioritised, but I think having that update discussion at a future Convention would be beneficial to do that so if we can add that into the bullet points as well, that will be fine.

Okay. Right, well we've given a good airing to that. I've given a bit of verbal feedback on the employment and skills and the workforce and skills actions. I think we know what we're doing there – oh, there we are. Team South of Scotland partners continue to work together to identify the skills needs of the region and ensure coherent and effective response across the system to current and emerging labour market challenges. The education skills strategic coordination group can lead [unclear] on coordinating the revised education, training and skills offer to capitalise on new employment opportunities and support upskilling and reskilling. Supporting development of the Regional Economic Strategy partners who work together to understand future skills and job opportunities and support and inspire young people alongside other groups to access those opportunities.

That's great. I think – anyone got any comments on that? Chris Brodie?

Chris Brodie: Thanks Deputy First Minister. My [words studying the Scottish] vary slightly here, but I think there is potentially a third outcome around ensuring there are clear pathways for young people into employment and education, the role that foundation apprenticeships can play – it's been mentioned a couple of times – and I wonder whether we want to bring back the work on barriers to apprenticeships to future Conventions? That was an outcome from the Convention in September and work is underway there between South of Scotland Enterprise and ourselves.

John Swinney: Okay, I'd absolutely be happy with those points Chris. They're welcome additions. Any other comments from colleagues? No. Okay, well that's just got our outcomes. That's been a valuable discussion this morning and into early this afternoon. I wonder if Councillor Elaine Murray or Councillor Shona Haslam want to say words to conclude at all before I draw things to a close? Elaine?

Elaine Murray: ...Cabinet Secretary to thank everybody for their attendance today. I know it's been helpful discussion and we look forward to reports at the next Conventions and more detailed discussion. I think that some of the points that both Shona and I have been making is that we would like to see detailed discussion on some of the issues which [unclear]. It's good that we're making progress, but we need to get some of those practical actions happening and we look forward to working with you and [other] partners here today to really make things start to work for the South of Scotland. Thank you for you [inaudible]. Pity we couldn't host you in Easterbrook Poly. We would have had a nice lunch there, but [laughs]...

John Swinney: Well, I'm missing it already Elaine. Then, Shona.

Shona Haslam: Just to echo what Elaine has said. It's fantastic to have all these people around the table talking about these important issues even if it is a virtual table and thank you to all agencies as well for giving up their time this morning and I'm looking forward to working with all of them more to drive this work forward. I think what this morning has shown is that the importance of everyone working together and pulling in the same direction and that every voice at the table is important and everyone has a role to play on this and we all have to make sure that we are fulfilling

those roles to the greatest potential. Thank you all very much for your time this morning.

John Swinney: Okay, thank you very much, colleagues. As I say, that's been a very helpful and valuable discussion this morning and this afternoon. I think we run an ongoing agenda that we need to pursue to advance our thoughts and our concerns here and I look forward to doing that in partnership with all colleagues. We've got a lot to do going forward, so thank you very much to everyone who has participated. Wish you well and we'll catch up soon. Thank you.

END OF TRANSCRIPT