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Lord Smith of Kelvin
By email

23 March 2021

Dear Lord Smith

SCOTTISH ENTERPRISE – 2021-22 INTERIM LETTER OF GUIDANCE

Last year, we issued two letters of guidance. An interim letter of guidance in April 2020 asked Scottish Enterprise to stop all but the most critical ‘business as usual’ activity, re-prioritise and work collaboratively to meet the immediate challenges of the Covid-19 pandemic. More detailed guidance in December 2020 pointed to work being taken forward by Scottish Enterprise to support the economic recovery, in line with the commitments in the 2020 Programme for Government.

Unfortunately, the sharp deterioration in the pandemic towards the end of 2020 made it necessary for the Scottish Government to impose new restrictions. Scottish Enterprise was again asked to re-direct resource to help provide vital support for individuals, communities and businesses. I am very grateful to you and your staff for the arrangements you made to deliver support, at short notice.

As we enter the new financial year and begin a phased approach to easing restrictions, there remains a strong focus on business and community resilience. I am therefore proposing to take a similar approach to last year. This interim letter of guidance recognises the need for Scottish Enterprise to continue to be responsive in the face of changing circumstances, whilst highlighting priority areas of work for the short to medium term. I propose that further, more detailed guidance is issued later in 2021.

Economic recovery

The 2020 Programme for Government underlined the need for our recovery from Covid-19 to be led by green growth and to also promote fairness and wellbeing. It committed to: a national mission to create new jobs, good jobs and green jobs, with a particular focus on young people; promoting lifelong health and wellbeing; and advancing equality and helping our young people grasp their potential.

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As the Cabinet Secretary for Finance and I made clear in our joint letter of 17 December 2020 to Chief Officers of all public bodies, it is critical that Fair Work is part of our ongoing response to the pandemic and a central element of our economic recovery. I look to Scottish Enterprise to continue its progress in adopting Fair Work First, both as an employer and through attaching Fair Work First criteria to its grants, procurements and other funding.

Our vision of Scotland as a vibrant, inclusive, greener, open and outward-looking digital nation is now even more compelling as the pandemic has accelerated the impact of technology on our economy and our society. I welcome Scottish Enterprise's support for our new digital strategy, which includes actions to ensure that Scottish businesses embrace the opportunities of digital technology.

Of course, many businesses are experiencing the dual impacts of Covid-19 and economic uncertainty caused by the UK's exit from the EU. As the practical implications and challenges of the post-Brexit trading environment become clearer, I look to Scottish Enterprise to continue to work closely with partners to provide advice and support to businesses to help them adapt, maintain competitiveness and take advantage of new opportunities.

It is essential that Scottish Enterprise continues to work closely with local partners and the other enterprise and skills agencies to shape our economic recovery and respond to the labour market challenges. I look to Scottish Enterprise to continue to support the aims of the Enterprise and Skills Strategic Board by working collaboratively with the Board, other agencies and the Scottish Government in support of its forward-looking priorities. I know that you will continue to participate in the Board's mission review and refresh of its Strategic Plan later in 2021.

National Programmes

Within this context, I welcome Scottish Enterprise's focus on future economic opportunities relating to Climate, Digital & Data, Health & Care and Advanced Manufacturing and the seven supporting National Programmes that were developed last year in partnership with the Scottish Government. I recognise the important role these will play in delivering Scotland's ambition for a sustainable recovery and encourage you to continue the work you are doing to align these programmes with the inward investment plan, the trading nation priorities, the capital investment plan and place making strategies. This approach will help realise significant opportunities that will deliver sustainable economic benefits, including jobs to Scotland.

Engaging with partners and stakeholders will be an important part of delivery and I am encouraged by the approach Scottish Enterprise is taking to secure wider agreement to further the development and implementation of the National Programmes.

Early stage support

I welcome Scottish Enterprise's continued focus on supporting a dynamic, ambitious and diverse entrepreneurial community and providing investment into ambitious, early stage companies from start to scale up, creating a pipeline of growth opportunities. I look to Scottish Enterprise to work collaboratively with the Scottish National Investment Bank to ensure a joined up approach to Scotland's investment activities.

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Supply chain development

Improving the capacity, capability and resilience of Scottish supply chains is key to economic recovery and to supporting the national mission to create jobs. I look to Scottish Enterprise to support work being taken forward by the Supply Chains Development Programme to analyse existing supply chains, build better and more strategic supply chains and assist in identifying opportunities for leverage of Scotland's £12 billion annual public sector procurement spend.

Manufacturing Action Plan

I look to Scottish Enterprise to continue to play an active role in delivering Making Scotland's Future: A Recovery Plan for Manufacturing and other elements of the wider programme on which it is based, working in partnership with industry, academia and the public sector to support the manufacturing sector's recovery over the next twelve months.

Regional delivery

I acknowledge the role Scottish Enterprise continues to play in Regional Economic Partnerships, working with partners to share data, knowledge and insights that inform the development and delivery of regional strategies. This work is critical to ensuring that Scotland's regions can maximise their contribution to, and benefit from, the National Programmes and Inward Investment priorities.

I welcome Scottish Enterprise's commitment to undertake deeper engagement and intensive working with an initial three regions – Glasgow & Clyde, Ayrshire and North East Scotland – investing alongside partners in projects that will help drive recovery in these regions, and working with partners to assess where additional or tailored support or services can make a positive impact.

International

Within the context of the Scottish Government's Trade Vision, it is important that Scottish Enterprise continues to drive work to increase Scotland's exports and deliver the actions set out in our recently launched inward investment and capital investment plans. These are key elements of a thriving, global economy.

Climate change and COP26

As you are aware, the United Nations climate summit COP26 takes place in Glasgow in November 2021. I look to Scottish Enterprise to support "Team Scotland" delivery of Scottish Ministers' objectives for COP26, including: mobilising businesses to go further and faster to net zero emissions; supporting growth opportunities through investment and exports; showcasing private sector leadership on climate change; and supporting communications around the summit.

Given the global climate emergency, I look to Scottish Enterprise to play a key role in the national endeavour to achieve net zero emissions by 2045, by:

- aligning your investments and programmes with the priorities of the updated Climate Change Plan to support a green recovery and a just transition to net zero;
- engaging the private sector to encourage them to take action towards a just transition, including transition planning, a commitment to partnership working, placing equity and

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environmental considerations at the heart of decision making and supporting good, green jobs and sustainable procurement;

- helping to develop case studies to showcase action; and
- accelerating your own action to become a net zero organisation.

I look to Scottish Enterprise to proactively support the joint work required to ensure the Green Jobs Fund successfully contributes to our green recovery, maintaining jobs and creating new businesses and jobs.

Conclusion

I am aware that you are in the process of finalising your business plan for 2021-22. I hope the guidance set out in this letter is helpful in informing your business planning for the coming year as we strive to deliver a more prosperous, inclusive and greener Scotland.

Kind regards
Fiona Hyslop

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