

Cabinet Secretary for Wellbeing Economy, Fair Work
and Energy
Rùnaire a' Chaibineit airson Eaconamaidh do Mhath
Dhaoine, Obair Chothromach is Cumhachd
Neil Gray MSP
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Willie Mackie
Chair, Scottish Enterprise
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Dear Willie,

SCOTTISH ENTERPRISE - 2023-24 STRATEGIC GUIDANCE

In our strategic direction to Scottish Enterprise for 2022-23, we emphasised the role of the agency in delivering the National Strategy for Economic Transformation (NSET). I am grateful for the way in which you responded by realigning your activity to help drive the implementation of the strategy.

In April this year, we published our policy prospectus: 'New Leadership - A Fresh Start' which reaffirmed our commitment to delivering a wellbeing economy by focusing on the priorities set out in NSET. This set out 3 critical and interdependent missions:

- tackling poverty and protecting people from harm - continuing to tackle poverty in all its forms to improve the life chances of people across Scotland;
- a fair, green and growing economy - delivering a wellbeing economy through harnessing the skills and ingenuity of our people and seizing the economic and social opportunities from meeting our net zero targets; and
- prioritising our public services - creating, investing in, and maintaining sustainable public services, to ensure the people of Scotland can access modern, effective, and timely services when they need to.

This year's Programme for Government, which builds on the policy prospectus, set out how we will put the three missions into action, including through the development of a Green Industrial Strategy.

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Scottish Enterprise has a vital role to play in helping us to deliver the missions because it is by creating jobs and increasing our tax take that we are able to tackle poverty and make the investment required to improve our public services.

Over the coming years, the public sector must work together to provide the targeted economic stimulus and support for businesses needed to deliver our economic ambitions. This will require a programme of reform to improve the way that we support businesses, increase investment and realise economic opportunities in every region of the country. We must also look internationally, to attract the international investment needed to support our economic ambitions and grow our export potential. I look to Scottish Enterprise to work with Scottish Government, Local Government and other partners, to help shape how we deliver our collective approach to economic development.

Engagement with business on this programme of reform will be critical, and I expect Scottish Enterprise to play a decisive role in delivering the recommendations made by the New Deal for Business Group. Likewise, the First Minister's Investor Panel will shortly publish recommendations about how the public sector in Scotland can take steps to improve Scotland's performance in attracting mobile capital investment. I expect Scottish Enterprise to play a role in implementing the response to these recommendations.

At an organisational level, I know that Scottish Enterprise has already embarked on a significant programme of corporate transformation and that you are in the process of finalising your new corporate plan for publication later this year. I support the focus you are intending to bring on entrepreneurship and innovation. I also recognise the role that Scottish Enterprise will play in the emergence of an effective capital investment ecosystem in Scotland that can deliver a step-change in Scotland's productivity and support creation of an internationally competitive green energy industry, closely aligned with the Green Industrial Strategy. I look forward to confirmation of your plans and expect you to engage with partners to explore the implications for the way that they work, alongside Scottish Enterprise, to support economic development.

Within this context, I ask that Scottish Enterprise focuses on delivery of the following outcomes:

1. work with public sector partners and private sector investors to support the creation and scaling of high growth businesses, and establish Scotland as a global hub for start-up founders and investors;
2. act as a lead partner in the creation and growth of key business clusters outlined in SG's Innovation Strategy;
3. play an active part in the design of a new National Productivity Programme to support more SMEs to innovate to increase their productivity;
4. work with and contribute to the work of the Scottish Government's Investment Strategy and Delivery Unit to help drive forward the recommendations from the First Minister's Investor Panel;
5. work with public sector partners to deliver a focused role in the national and regional delivery of the priorities set out in the draft and final Energy Strategy and Just Transition Plan, with particular emphasis on maximising the economic, investment, supply chain,

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manufacturing and employment opportunities of the energy production and decarbonisation sectors;

6. working closely with Scottish Government, play a key role in the development and delivery of a Green Industrial Strategy setting out how the Scottish Government intends to help businesses and investors realise the enormous domestic and international economic opportunities of the global transition to net zero and of creating good, well-paid jobs. In this, you should draw on SE and SDI's knowledge of markets and businesses to develop, with the Scottish Government, a shared understanding of priorities and key policy interventions;
7. continue to progress work with industry to accelerate decarbonisation and create energy transition opportunities at major industrial sites, and support the Grangemouth Future Industry Board and its workplan;
8. continue to encourage the businesses you support to baseline both their carbon emissions and climate risk/resilience, and work with them to embed a strong focus on sustainability within their strategy/operations;
9. support the approach and focus outlined in A Trading Nation and the Inward Investment Plan in order to drive sustained growth in international exports while diversifying into new markets, and strengthening efforts to bring more higher-quality inward investment into Scotland. In this, you should continue to focus trade support on our top exporters, support implementation of our Sector Export Plans and improve Scotland's attractiveness as a location for inward investment by attracting the investment required to achieve our ambitions in areas such as energy transition, offshore wind, hydrogen and space (working closely with Highlands and Islands Enterprise and South of Scotland Enterprise in their regions);
10. contribute to the Regional Economic Partnerships (REPs) within your region and support work to drive up greater levels of regional empowerment and growth by delivering on the ambitions of the Regional Economic Policy Review;
11. support the delivery of the Glasgow City Region and the North East Investment Zones by the REPs in those areas and delivery of the Forth Green Freeport;
12. in addition to supporting the development of inclusive business models, continue to engage in regional Community Wealth Building initiatives where SE can add value, and explore how, as an 'anchor organisation', you can use your economic levers such as spend, employment and land and assets, to maximise benefits for the economy, supply chains, communities and the environment;
13. ensure that, in line with SG guidance, recipients of grants awarded by Scottish Enterprise pay at least the real Living Wage and provide appropriate channels for effective workers' voice, and continue to provide feedback on implementation of the new grant conditionality requirements;
14. continue to work with partners to ensure rapid progress on the development of the Master Customer Record, and play a full and active part in the programme of work to develop a common digital offer for business. This work will be delivered through the Business Support Partnership, which will require a resource commitment from all partners.

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I look forward to discussing these areas of work with you in our regular meetings and to hearing your feedback on progress at the close of the financial year.

Yours sincerely,



NEIL GRAY

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