

Cabinet Secretary for Wellbeing Economy, Fair Work
and Energy
Rùnaire a' Chaibineit airson Eaconamaidh do Mhath
Dhaoine, Obair Chothromach is Cumhachd
Neil Gray MSP
Niall Gray BPA



Scottish Government
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Russel Griggs
Chair, South of Scotland Enterprise
Email: Chair@sose.scot

16 October 2023

Dear Russel,

SOUTH OF SCOTLAND ENTERPRISE - 2023-24 STRATEGIC GUIDANCE

In our strategic direction to South of Scotland Enterprise (SOSE) 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.

SOSE 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.

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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 SOSE 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 SOSE 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 SOSE to play a role in implementing the response to these recommendations.

At an organisational level, I know that SOSE has already undertaken an organisational review and re-structuring to support delivery of activity under the six areas of strategic focus in your new, five-year Action Plan:

- accelerating net zero and nature-based solutions;
- advocating for Fair Work and equality;
- activating and empowering enterprising communities;
- attracting ambitious investment;
- awakening entrepreneurial talent; and
- advancing innovation and productivity.

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

1. work with public sector partners and private sector investors to sustain and accelerate the growth of businesses in the South of Scotland, and help establish Scotland as a global hub for start-up founders and investors;
2. support the creation and growth of key business clusters, as outlined in the Scottish Government's Innovation Strategy, in areas of importance to the regional economy including natural capital, energy transition, supply chain innovation, regenerative agriculture, and creative and cultural capital;
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. noting the launch of SOSE's Net Zero Investment Guide, work with regional economic partners on delivering the vision for the South of a Scotland to be a natural capital innovation zone;
6. work with public sector partners to deliver a focused role in the regional delivery of the priorities set out in the draft and final Energy Strategy and Just Transition Plan, with

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particular emphasis on maximising the economic, investment, supply chain, manufacturing and employment opportunities of the energy production and decarbonisation sectors;

7. 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 SOSE's knowledge of markets and businesses to develop, with the Scottish Government, a shared understanding of priorities and key policy interventions;
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. working with Scottish Development International, 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;
10. contribute to the development and delivery of the Rural Delivery Plan, which will set out how all parts of the Scottish Government are delivering for Scotland's rural, coastal, and island communities;
11. continue to advance the work of the South of Scotland Regional Economic Partnership and Convention of the South of Scotland, and support work to drive up greater levels of regional empowerment and growth by delivering on the ambitions of the Regional Economic Policy Review;
12. engage with Borderlands Growth Deal projects to help ensure strategic fit and provide expertise where required, and lead on the Mountain Bike Innovation Centre;
13. in addition to supporting the development of inclusive business models, continue to engage in and promote local and regional Community Wealth Building initiatives, 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, local communities and the environment;
14. ensure that, in line with SG guidance, recipients of grants awarded by SOSE 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;
15. 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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