

Edward Mountain  
Convener  
Rural Economy and Connectivity Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

6 May 2019

Dear Edward

When I wrote to you on 21 March in response to the Committee's helpful Stage 1 report, I undertook to follow up on two issues before Stage 2: mechanisms to facilitate collaboration and cooperation and funding. This letter provides that update.

### **Interaction of the agency with existing bodies**

The Committee requested further information on the mechanisms being developed to facilitate collaboration and coordination. We continue to engage with stakeholders on this, including the leaders and senior officials of both councils and the South of Scotland Economic Partnership (SOSEP), to develop the most appropriate approach. I am determined that South of Scotland Enterprise (SOSE) must not only work collaboratively with relevant national agencies, including those with significant interests and presence in the South of Scotland, but also with local authorities, businesses, and crucially, local communities. We want to ensure that we have an approach which not only facilitates collaboration but which also allows for accountability at all levels.

As previously noted, the Enterprise and Skills Strategic Board will have a significant role to play in aligning and coordinating activity of the enterprise and skills agencies, as well as strengthening links with other organisations and the wider community. The chair of SOSEP is currently a member of the Strategic Board, paving the way for SOSE's chair to assume this role when SOSE begins operating.

The Strategic Board's Strategic Plan, published October 2018, provides clear direction to the relevant delivery agencies<sup>1</sup>. Many of the actions and recommendations in the plan are designed to embed deep cross-agency working, priorities and cultures. The Strategic Board also works to ensure that agency business plans clearly demonstrate cooperation and collaboration, SOSE will be expected to take a similar approach from the outset.

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<sup>1</sup> <https://www.gov.scot/publications/working-collaboratively-better-scotland/>  
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In line with the arrangements for other bodies, strategic guidance letters will also be issued to SOSE, providing guidance on priorities for the year ahead. These letters will clearly set out the significance of planning and working collaboratively with the other enterprise and skills agencies, with Scottish Government, and more widely as required to support the Strategic Board's aims. I am already giving consideration to what an initial letter of guidance to SOSE might contain, so that it might helpfully reflect some of the issues and concerns that are being raised in the bill process.

## Action Plans

I acknowledge the concerns some committee members have about the need for greater scrutiny of action plans at a local level. Having noted that these plans tend to be at a high level setting out strategic priorities, I agreed to share with the Committee copies of the current plans for SE and HIE which I now enclose.

## Finance

The Scottish Government's commitment to the south of Scotland is made clear in this year's budget which makes available £13.3 million to support the work of SOSEP and to establish SOSE. This is an increase of a third over last year's budget and is additional to what other agencies, including Scottish Enterprise, spend in the region.

As you are aware, I am committed to ensuring SOSE receives a per capita equivalent to the allocation made to HIE which, based on 2017/18 figures, equates to £42 million. However, I am also clear that SOSE will need to build up to a fully established programme – it will need to build to a full staff capacity and develop and implement a full capital programme from its first year of operation. Similar to HIE, we will also expect SOSE not only to deploy its own resources effectively and efficiently, but to use strong strategic leadership and collaboration with other agencies and organisations in all sectors to lever in additional funds and investment to support strategic aims.

As I outlined in my letter on 21 March, decisions about funding for SOSE, as well as for other public bodies, are made as part of relevant Scottish Government budget cycles. For that reason, it is not possible at this stage to provide any further detail of the increase which the budget would represent for the area - budget allocations have not yet been determined for the period when SOSE will become operational. In due course, the Scottish Parliament, including through this committee, will have the opportunity to input when, as part of the Scottish Government budget process Scottish Ministers present future spending proposals to Parliament.

However, I would fully expect that agencies with functions and priorities which complement the aims and activities of SOSE would continue to allocate funding and investment to the south of Scotland. This government has no intention to divert or replace resources, nor would we accept any agency seeking to do so. The need to avoid the opportunity to create such a situation is one reason why careful and considered wording of the statutory aims is needed for SOSE and I am sure we will all take that into account at Stage 2 of the bill process this week.

I look forward to debating the legislation at Stage 2 on 8 May.

  
**FERGUS EWING**

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