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Alistair Dodds
By email

23 March 2021

Dear Alistair,

HIGHLANDS AND ISLANDS ENTERPRISE – 2021-22 INTERIM LETTER OF GUIDANCE

Last year, we issued two letters of guidance. An interim letter of guidance in April 2020 asked Highlands and Islands Enterprise (HIE) 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 HIE 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. HIE 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, across your region.

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 HIE 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 Cabinet Secretary for Economy, Fair Work and Culture made clear in their 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 HIE 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 HIE's support for our new digital strategy, which includes actions to ensure that Scottish businesses embrace the opportunities of digital technology. I recognise the work that you have done to create a refreshed and enhanced digital journey for your customers on "MyHIE". And I welcome your close collaboration with the Scottish Government Digital Directorate on data sharing and data analysis.

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 HIE 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.

Operational priorities

I know that for the first part of 2021-22, HIE's focus will continue to be on protecting jobs, working with regional partners to develop assets and support businesses and communities, in order to ensure that the region's recovery from Covid-19 is a green recovery and one which increases inclusive growth and wellbeing.

Looking ahead, I welcome the work already underway to develop your policies, priorities, actions and investments around the key themes of: net zero and green jobs; supporting and developing communities, notably the work around community assets and the Scottish Land Fund; Fair Work and how to further mainstream business and community benefits; the blue economy, particularly around the region's natural resources for wave, tidal and offshore wind energy; and improving productivity. Supporting communities and businesses to adapt and thrive in the changed circumstances arising from Covid-19 and Brexit will be critical.

Engaging with partners and stakeholders will be an important part of delivery and I am encouraged by HIE's openness to working closely with local partners and the other enterprise and skills agencies to shape our economic recovery and respond to the labour market challenges. I recognise HIE's ongoing collaborative work with the Business Support Partnership to support the development and delivery of an enhanced universal service offer.

I look to HIE 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

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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.

I welcome HIE's recent engagement with Scottish Enterprise on development and implementation of the National Programmes and your contribution to ensuring that these programmes fully reflect the needs of the Highlands and Islands and the potential opportunities. I know, for example, that HIE has a particular focus on developing the region's global strengths around hydrogen. I also welcome HIE's continuing work to deliver the national Scottish Land Fund programme across Scotland.

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 HIE to contribute to development of the Supply Chain Development Programme and in doing so, ensure that work to analyse existing supply chains, build better and more strategic supply chains and leverage Scotland's public sector procurement takes full account of the gaps and opportunities in the Highlands and Islands.

Regional delivery

I acknowledge the role HIE continues to play in supporting the implementation of growth deals and development of associated economic partnerships or cross authority collaborations, such as the Convention of the Highlands and Islands. I expect you to continue to support these local authority-led partnerships and to use their growth deal programmes as a catalyst for realising longer term ambitions to renew and grow regional economies by encouraging business growth and protecting and creating high quality jobs.

It is vital that our efforts and resources in the region align well to maximise the collective benefits and impacts achieved, including harnessing the expertise of businesses. I look to HIE to bring the full weight of your regional knowledge, expertise and connections to bear to make the deal programmes as successful as possible.

Addressing population decline

I look to HIE to build on the range of important contributions it has made on population issues, both at the national and regional level through the Scottish Government and the Convention of the Highlands and Islands (CoHI). It is crucial that HIE's insights continue to shape and support our collective efforts to support sustainable populations across Scotland.

This includes work being undertaken through CoHI to explore cross-cutting solutions capable of addressing the acute demographic challenges felt across many local communities, including population decline and ageing. The cross-cutting insight and regional perspective that HIE brings – on public services, economy, jobs, infrastructure and beyond – will be a vital asset as we seek to build strategic partnerships and achieve our long-term goals on population.

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Climate change and COP26

As you are aware, the United Nations climate summit COP26 takes place in Glasgow in November 2021. I look to HIE 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 HIE 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 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 HIE 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 operating 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.

Yours sincerely,



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