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Dear Alistair

HIGHLANDS AND ISLANDS ENTERPRISE - 2025-26 STRATEGIC DIRECTION

I am writing to set out my expectations of Highlands and Islands Enterprise (HIE) for the coming year.

Strategic context

Across the Scottish public sector, it is imperative that we maintain our focus on the actions set out in the [Programme for Government 2025 to 2026](#) (PfG) to deliver on the Scottish Government's four main priorities of eradicating child poverty, growing our economy, tackling the climate emergency and improving public services.

I expect HIE to focus its efforts on growing our economy, working with the Scottish Government and partners to build on Scotland's entrepreneurial strengths, boost innovation and productivity, support trade and exports and attract investment. And, by working with communities and social enterprises through its place-based activities, continue to maximise their contribution to economic growth and to tackle inequalities.

PfG commitments

I expect HIE to support the delivery of key areas of work, as articulated in the PfG, focused on:

- helping businesses to start and scale, be more productive, access finance and attract investment, develop new products and services, enter new markets and positively impact on their communities;
- delivering a co-ordinated programme to attract investment to deliver economic and community benefits in priority areas of net zero, housing, and infrastructure;
- working with the Scottish Government and Scottish Enterprise/SDI to support the delivery of the PfG Six Point Export Plan, in particular working with Scottish Enterprise/SDI to ensure relevant businesses in the HIE area derive export benefits from SDI's work;

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- developing a national project pipeline of investment opportunities and launching the new 'InvestScotland' portal;
- accelerating investment in offshore wind supply chains and enabling infrastructure, such as ports and harbours, including a focus on clustering of opportunities to deliver local economic benefit;
- investing in infrastructure critical to the economy;
- developing the Inverness and Cromarty Firth Green Freeport;
- increasing the number of women and under-represented founders scaling businesses;
- accelerating the growth of business clusters where the Highlands and Islands have a competitive advantage and supporting areas of opportunity identified in Scotland's National Innovation Strategy, including aiding the delivery of a portfolio of cluster development projects;
- driving the performance of Scotland's entrepreneurial ecosystem, by growing the base in the Highlands and Islands;
- empowering collaborative action through the Highlands and Islands Regional Economic Partnership; and
- advancing the use of the Community Wealth Building model.

Delivery priorities

Within this context, I am looking for HIE to:

- play a key role in delivery of the Green Industrial Strategy as part of a Team Scotland approach in partnership with local communities. In particular, I expect HIE to focus on delivering public sector investment that leverages private investment in offshore renewables supply chain and infrastructure, focused on clustering, alongside action to attract investment into marine energy and green hydrogen projects.
- support the Scottish Government's programme to attract large scale private capital investment, in particular by: contributing to the development of the national pipeline; collaboratively supporting the Scottish Government to deliver the new 'InvestScotland' portal; and supporting a joined-up, strategic approach to investor engagement co-ordinated by the Scottish Government.
- play a key role in delivery of the Innovation Strategy as part of a Team Scotland approach. Specifically, seek to: increase the number of entrepreneurs in Scotland, with a strong emphasis on increasing the number of female and impact focussed entrepreneurs; drive increased productivity across the business base; support the implementation of Scotland's forthcoming life sciences strategy; and support scale-ups in the priority clusters, sectors and academic/business ecosystems identified in the Strategy, with a particular focus on areas of importance to the regional economy, including energy transition, life sciences and advanced manufacturing (including space).
- strengthen Scotland's economy internationally by working with SDI to raise levels of inward investment, ensuring that Scotland remains a highly attractive destination for such investment.
- support community-led regeneration through place based activity to build community capacity and tackle disadvantage, with a particular focus on supporting Scotland's rural and island communities and economies.

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Delivery mechanisms

In delivering the priorities above, I ask that you ensure that HIE:

- strengthens collaboration with partners and focuses on making the system work as effectively as possible. It is essential that we get the wiring right between the various components, to improve interactions with businesses and investors. In particular, leverage the contribution the higher education sector makes to economic growth.
- takes all steps to attract and access other sources of funding, such as SNIB, the Scottish Government's strategic investment in offshore wind, UK Government, and Horizon Europe. In particular, that it works in a coordinated way with Team Scotland partners to engage with UK funding mechanisms including GB Energy, in line with the collaborative agreement, to maximise investment into Scotland and further develops partnering arrangements with UKG agencies.
- contributes to work to empower collaborative action through the Highlands and Islands Regional Economic Partnership, supports Regional Growth Deals, the Inverness and Cromarty Firth Green Freeport, and engages in regional Community Wealth Building initiatives.
- continues its activity to stimulate economic growth and realise the social and wellbeing potential of Gaelic.
- supports social enterprises, co-operatives and employee-owned businesses.
- promotes the implementation of Fair Work First.
- encourages the businesses it supports to embed a strong focus on the Just Transition to Net Zero, climate adaptation and sustainability within their strategy/operations.

I ask that you also ensure that HIE provides all necessary support and information to the Scottish Government's sponsor team.

Efficiencies

In line with the Scottish Government's 10-year Public Service Reform programme, it is important that HIE operates as efficiently as possible, in order to direct as much funding as possible to the delivery of economic and community development support. Specifically, it is expected that HIE:

- continues to make progress in reducing its expenditure on corporate functions in ways that support effective delivery;
- has a workforce plan in place and focuses on maintaining its target workforce of 256 FTE by end 2025-26;
- works with other public bodies to capture efficiencies available through shared services and maximise the positive impact of their collective resources in supporting economic and community development; and
- contributes to the development of a future reform agenda.

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Demonstrating impact

Impact will be demonstrated through HIE's performance measurement framework, and specifically its primary measures and targets.

In addition, I ask that HIE works with Scotland's other enterprise agencies to:

- engage with OCEA and independent experts to refine and validate modelling to demonstrate the return on investment and longer-term impact of the agencies' interventions;
- develop and operate a set of common measures that allow aggregation across all three agencies.

I look forward to working closely with you, and HIE's Board and staff, during the coming year as you take forward work on transformative opportunities for the region. Our regular meetings will offer an opportunity to review progress and share information on the work taking place.

Yours sincerely



KATE FORBES

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