

Principles Agreement between Scottish Government and Business

December 2021

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There are around 370,000 enterprises in Scotland responsible for over two million jobs. These businesses, both large and small, and comprising enterprises with different business models, contribute vital goods and services as well as supporting supply chains and communities across Scotland.

Recognising the success, health and growth of this diverse and dynamic business community is fundamental to Scotland's future economic prosperity and wellbeing, this agreement sets out the principles which will underpin genuine partnership working between the Scottish Government and the Confederation of British Industry, Federation of Small Businesses, Institute of Directors, Scotland Food & Drink, Scottish Chambers of Commerce, Scottish Council for Development and Industry, Scottish Financial Enterprise, Scottish Retail Consortium and the Scottish Tourism Alliance over the coming parliamentary session.

These principles will be used to drive a change in how Scottish Government policies impacting on business are developed and delivered. They will inform the approach taken across the Scottish Government in their general business engagement, through encouraging a more collaborative approach. They will also influence wider public sector activity by consistently articulating expectations around the role for, and value of, business involvement.

Partnership Purpose

Together we can deliver a diverse, entrepreneurial and profitable business base able to provide secure jobs, support communities, nurture innovation and foster sustainability as we transition to a net zero economy.

This purpose is aligned with and contributes to the Scottish Government's overall purpose and supporting National Performance Framework.

Mission for better engagement

Effective joint working between business and government is fundamental to achieving this partnership purpose. All parties to this agreement will commit to working together to deliver improved outcomes through a refreshed co-development, collaborative delivery and collective assessment approach across government and business organisations for policy impacting business.

Partnership principles

The following principles of partnership working, which will foster trust and respect by creating space for open and honest dialogue, will guide Scottish Government - business relationships:

- **Alignment with Scotland's economic vision** – a shared recognition that we all want economic policies which deliver and optimise positive outcomes, demonstrated through co-production of a programme of action;

- **Co-production adds value** – collaboration, whilst often resource-intensive and difficult will optimise outcomes;
- **Lived experience adds value** – from an early stage business experience will be at the heart of developing all Scottish Government policy and services which impact on business;
- **Evidence is paramount** – a shared commitment to evidence-based policy development, and evaluation, that promotes diversity and inclusion in a transparent way
- **Effective Communications** – communications should be timely, meaningful and avoid surprises, underpinned by confidentiality where appropriate and mutual respect including when we do not agree.

Making it work

This agreement will cover the sixth five-year term of the Scottish Parliament which was elected in May 2021. The principles outlined above will shape broad Scottish Government interaction with business in the development and delivery of policy which impacts on business from December 2021. The wider public sector in Scotland will also be encouraged to incorporate these principles into their ongoing business engagements.

Commitment to the Partnership Principles will be evidenced through each organisation's actions. This document will be subject to regular informal review to assess its impact and ensure feedback and evidence from all parties is captured and acted upon. Updated versions of this agreement will be published annually (or more frequently if agreed by all).

What the agreement means in practice

These principles provide a framework for more impactful and effective joint working between the Scottish Government and business. They are not a fixed set of rules as a successful relationship needs to be dynamic and able to evolve as economic and business circumstances change.

Meaningful collaboration between the Scottish Government and business is not limited to engagement with organisations that are party to this agreement. However, successful implementation of this principles approach and realisation of the Partnership Purpose, cannot be achieved without those parties. For the Scottish Government this means both Ministerial and official level commitment. To enable this, a structure will be put in place to oversee progress and provide channels for direct and honest feedback.

The Partnership Purpose is linked to Scotland's National Performance Framework and associated National Outcomes. Successfully implementing these principles will ultimately contribute to improved National Outcomes. However, this will take time and it is difficult to chart a direct path from individual actions to improved National Outcomes. Shorter term indicators of progress and success are therefore required and these will combine qualitative survey responses with quantitative information on the numbers of co-developed, collaboratively delivered and collectively assessed activities.

To deliver real action through this approach, the Scottish Government will ensure the full range of policy areas under its control act in line with the principles and will work to align the policy landscape with implementation structures. For their part, business representative parties to the agreement will provide a coordinated two-way route to engage the diverse business community in Scotland, while also identifying appropriate opportunities for individual businesses to input directly to the co-develop and collaborative delivery process.



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