

Business Leaders

Business Leaders Dinner – 27 July 2023

8 September 2023

Dear All

Following publication of our Programme for Government, I wanted to write to you to thank you once again for your time over dinner in July. The discussion provided good food for thought and indeed action. While there were of course differences of opinion too, I think you will recognise in the PfG commitments that address some of the issues where there was a consensus.

We agreed that economic growth is an essential component of the Wellbeing Economy we want to create and I trust that not only the words but also the actions within the Programme for Government support that.

We recognised Scotland's role as a world-leading destination for offshore and onshore wind investment, but also the need to act quickly to support deployment of these technologies. I am pleased to let you know that on onshore wind, we are looking to establish a sector deal with the industry including halving the average determination time for section 36 applications to 12 months where there is no public inquiry. This halving of the time it takes will be a serious step forward in Scotland successfully attracting an even greater share of renewables investment, but we want to go further in mobilising investment in the transition to net zero. A dedicated Investment Unit will therefore be established in the Scottish Government to take forward the forthcoming recommendations of the Investor Panel I have set up. We discussed the important role of our Enterprise Agencies and ensuring we complement and reinforce private investment. We will work with the Enterprise Agencies as well as the Scottish National Investment Bank and Scottish Futures Trust to change the way we attract investment, crowd-in private investment and accelerate innovative investment in infrastructure.

We agreed on the pressing challenge of climate change as well as the opportunities it presents, as well as the importance of maintaining our energy resilience. In the coming year, we will develop a Green Industrial Strategy setting out how we will empower businesses and

investors to realise the economic opportunities of the transition to net zero. We will also publish and start implementing a new Energy Strategy and Just Transition Plan.

We spoke about regulation and the imperative of creating a good business environment. Not all of that is within the gift of the Scottish Government, and I have written to the UK Government on the back of the Hunter Foundation report, to explore using tax incentives to encourage investment in key sectors such as renewables. There is, however, much we can do with our existing powers, and a key part of that is through implementation of the recommendations of the New Deal for Business Group and ensuring we embed closer working with business on government policy. An implementation plan will be published at the end of this month, but in advance of that we are bringing forward two of the medium-term recommendations of the New Deal for Business: a reform programme to develop a process for identifying, considering and, if appropriate, removing regulations no longer required; as well as being open to ideas for proactive regulations which will support businesses in Scotland, especially our small businesses. We will also consider membership of NDBG going forward to ensure it is an effective voice of Scotland's business.

We agreed on the importance of enterprise and in particular the need to translate the strength of our Higher Education Institutions into new fast-growing businesses. Despite tight budgets I have worked with the Cabinet Secretary to identify a further £15m package to help start-ups to scale up, build clusters of innovative businesses in growth sectors and put our world-class universities at the heart of our economic future. This includes delivering the vision of the Pathways Report by Ana Stewart and Mark Logan, through the launch of new pre-start centres and pop-ups designed to encourage and support women and other under-represented groups to become entrepreneurs.

You raised concerns about skills shortages and these are consistent with messages I have heard in other business engagements. We will continue to reform the education and skills system, to ensure the needs of employers and learners are met. While we lack the powers to control immigration, we will do everything we can to encourage people to work and live in Scotland by launching a Talent Attraction and Migration Service next year. I was also struck during our conversation by the particular challenge of recruiting computer science teachers and am following that up with my ministerial colleagues.

More generally we talked about the culture of enterprise we need to create within Government so that it is an enabler rather than a blocker. There are of course many examples of where public servants have demonstrated innovation, managed risk taking and agile thinking, such as in the response to COVID. However there is more we can do here. I know the Permanent Secretary and Gregor Irwin, the new Director General for Economy are keen to work with the Chief Entrepreneur on this, including celebrating and rewarding intrapreneurship, attracting more secondments as well drawing on business leaders more systematically in our work.

I hope this letter gives you a flavour of the Scottish Government priorities for the year ahead. Thanks again for your time and commitment, which along with input we have had direct from a wide range of businesses and of course the New Deal for Business Group will help us to achieve prosperity and wellbeing for the people of Scotland.



HUMZA YOUSAF

From: Colin.McAllister@gov.scot <Colin.McAllister@gov.scot>
Sent: Friday, June 2, 2023 7:02 PM
To: [Redacted]
Cc: Callum.Mccaig@gov.scot; Jack.Middleton@gov.scot
Subject: RE: Call

Please be cautious: This email originates from outwith Souter Investments. If you are unsure whether it is genuine do not open attachments or links and call Excellimore immediately.

[redacted]

Thanks for the various materials sent through this week.

I am conscious I have not come back as promised on the dinner. I just wanted to say that this is in hand and hope to have a substantive update next week.

Regards

Colin McAllister
[redacted]



Scottish Ministers, Special advisers and the Permanent Secretary to the Scottish Government are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot.

From: [Redacted]
Sent: 03 July 2023 16:50
To: [Redacted] **Cc:** Callum McCaig <Callum.Mccaig@gov.scot>; Colin McAllister <Colin.McAllister@gov.scot>
Subject: RE: Invitees

Hi [Redacted],

Thanks for the dates below.

Sir Brian would prefer Thursday 27th July, however we look forward to hearing from you soon with confirmation of the chosen date.

Kind regards
[Redacted]

From: [Redacted]
Sent: Monday, July 3, 2023 9:49 AM
To: [Redacted]
Cc: Callum.Mccaig@gov.scot; [Redacted] Colin.McAllister@gov.scot
Subject: RE: Invitees

Please be cautious: This email originates from outwith Souter Investments. If you are unsure whether it is genuine do not open attachments or links and call Excellimore immediately.

[Redacted],

Just to note we are looking at either the 26th or 27th July – I'll confirm shortly.

Many thanks,
[Redacted]

[Redacted]

**Deputy Private Secretary
Office of the First Minister**

5th Floor | St Andrews House | Regent Road | Edinburgh | EH1 3DG | 07796 576 807

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Please note Scottish Ministers, Special advisers and the Permanent Secretary to the Scottish Government are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot for information.

From: [Redacted]

Sent: Thursday, June 29, 2023 2:34 PM

To: Colin McAllister <Colin.McAllister@gov.scot>; [Redacted]

Cc: Callum Mccaig <Callum.Mccaig@gov.scot>; [Redacted]

Subject: RE: Invitees

Perfect, look forward to hearing back from [Redacted].

Kind regards
[Redacted]

From: Colin.McAllister@gov.scot <Colin.McAllister@gov.scot>

Sent: Thursday, June 29, 2023 2:30 PM

To: [Redacted] [Redacted]

Cc: Callum.Mccaig@gov.scot; [Redacted]

Subject: RE: Invitees

Please be cautious: This email originates from outwith Souter Investments. If you are unsure whether it is genuine do not open attachments or links and call Excellimore immediately.

[Redacted]

Thanks. [Redacted] will let you know the precise date. Don't worry about reaching out to Neil Gray, [Redacted], Gregor Irwin, or [Redacted]. We will sort them.

Also, I think we should book Prestonfield, but will leave that to [Redacted] too.

Regards

Colin McAllister
[Redacted]



Scottish Ministers, Special advisers and the Permanent Secretary to the Scottish Government are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot.

From: [Redacted]
Sent: Thursday, June 29, 2023 2:23 PM
To: Colin McAllister <Colin.McAllister@gov.scot>; [Redacted]
Cc: Callum McCaig <Callum.Mccaig@gov.scot>; [Redacted]
Subject: RE: Invitees

Hi Colin,

Nice to hear from you and thanks for connecting me over to [Redacted]

Can you confirm what date in the last of week July it will likely be and I can get in touch with Prestonfield to check up on availability.

Brian is fine with reaching out to people once we have the date in the diary. There are a few people he doesn't know who are as follows - Neil Gray, Dr Poonam Malik, Gregor Irwin, [Redacted].

Kind regards
[Redacted]

From: Colin.McAllister@gov.scot <Colin.McAllister@gov.scot>
Sent: Thursday, June 29, 2023 1:39 PM
To: [Redacted]
Cc: Callum.Mccaig@gov.scot; [Redacted]
Subject: RE: Invitees

Please be cautious: This email originates from outwith Souter Investments. If you are unsure whether it is genuine do not open attachments or links and call Excellimore immediately.

[Redacted]

I am copying [Redacted] in FM's office into this just to connect the two of you. [Redacted] is looking after the details of the event and tells me the date is likely to be in the last week of July.

I am conscious Brian offered to reach out to some people around the time invites issue. I will leave it to you guys to judge who that might be but we would be very grateful if he could nudge people as he feels appropriate.

Regards

Colin McAllister
[Redacted]



Scottish Ministers, Special advisers and the Permanent Secretary to the Scottish Government are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot.

From: [Redacted]
Sent: Monday, June 19, 2023 7:57 PM
To: Colin McAllister <Colin.McAllister@gov.scot>
Cc: Callum McCaig <Callum.Mccaig@gov.scot>
Subject: Re: Invitees

Hi Colin,

Lovely to meet you likewise ! We had two more big events since Wednesday with the last event happening just yesterday. It was quite a bit of organising but was worthwhile seeing it all run like clockwork.

Brian is happy with the proposed list below. Do you know roughly what the date will be for this dinner?

Have a nice evening.

Kind regards
[Redacted]

[Redacted]

Souter Investments Ltd

www.souterinvestments.com

From: Colin.McAllister@gov.scot <Colin.McAllister@gov.scot>
Sent: Monday, June 19, 2023 5:17 pm
To: [Redacted]

Cc: Callum.Mccaig@gov.scot <Callum.Mccaig@gov.scot>

Subject: Invitees

Please be cautious: This email originates from outwith Souter Investments. If you are unsure whether it is genuine do not open attachments or links and call Excellimore immediately.

[Redacted]

It was nice to put a face to an email address the other day. Hope things have calmed down a bit after the breakfast – that must have taken quite some organising!

Below is where we have reached on the invitee list for dinner. Our thinking is to make this an FM invite. I may also join the list (tbc depending on timing). Thoughts very welcome.

First Minister Humza Yousaf
Cabinet Secretary for Wellbeing Economy, Fair Work and Energy, Neil Gray

[Redacted]

Director General Economy, Gregor Irwin

Sir Brian Souter

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[redacted]

Regards

Colin McAllister

[Redacted]



Scottish Ministers, Special advisers and the Permanent Secretary to the Scottish Government are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot.

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

From: [Redacted] **On Behalf Of** First Minister
Sent: 08 September 2023 08:46
To: First Minister <FirstMinister@gov.scot>
Subject: FW: New Deal for Business Groups

Dear All

Please see attached letter from the First Minister.

Kind Regards

[Redacted]
Office of the First Minister
Scottish Government
5TH floor/St Andrews House/Regent Road
Edinburgh EH1 3DG



~~Business~~
Letters.pdf

(attachment shared separately)

FM Engagement Programme – Business Leaders Dinner – 27 July

Date/ Time: 27 July 2023, 18:30 – 21:00
Location: Garden Room, Prestonfield House, Edinburgh

In attendance:

First Minister
Cabinet Secretary for Wellbeing Economy, Fair Work and Energy
[redacted] [redacted]
[redacted] [redacted]
Brian Souter Stagecoach
[redacted] [redacted]
[redacted] [redacted]
[redacted] [redacted]
[redacted] [redacted]
[redacted] [redacted]
[redacted] [redacted]
Ellis Watson [redacted]
Colin McAlister SG, Chief Special Advisor
[redacted] [redacted]

Note of Meeting:

FM set out his intention to listen and engage with business community and actions already taken to put that into effect, for example through the New Deal for Business Group. Engagement with business has already highlighted the need to involve business more effectively in policy and FM flagged the need for Government to review its risk appetite, particularly if we are to make investments to prosper. FM also emphasised the importance that the Government places on economic growth and the wider benefits that brings, as well as a willingness to engage with the UK Government at every opportunity where this promotes Scottish business interests.

FM then opened up the discussion to business leaders. The following issues were raised and discussed:

- The benefit NDBG would gain from having sufficient direct business expertise and the importance of creating a supportive business environment that goes wider than the scope of NDBG's work.
- The opportunity that current challenges, such as tackling NHS backlogs, presents to bring in locally developed innovation technologies and promote Scotland's life science industry, building on tech-scaler NHS testbeds.
- The need to learn lessons from previous missed opportunities to promote wider change in the culture and incentive mechanisms for the wider public sector to support innovation and measured risk taking.
- The "neutrality" of data and IT business and the risk of missing economic opportunities if Government support requires evidence of positive social outcomes.
- The role of enterprise agencies and ensuring that business support complements and reinforces markets rather than focussing on "picking winners".

- The importance of improving productivity and the need to properly incorporate the contribution that enterprise and business make to a Wellbeing Economy.
- Getting the balance right between momentum on climate change imperatives and the need for energy resilience and a just transition, particularly with respect to new oil and gas fields.
- The opportunity to build on Scotland’s reputation for family-led and compassionately run businesses.
- The need for the civil service and public sector agencies to be “enablers” rather than “blockers”, particularly on issues such as consents or landing investments where the process needs to be “smarter and slicker”.
- The lack of computer science teachers in Scotland and the consequences for future tech-led enterprise in Scotland, as well as the opportunity to address the gender gap here.
- The importance of ensuring that the focus on narrowing the attainment gap is not to the detriment of raising standards and stretching talent that can compete internationally.
- The need to ensure that funding provided to Higher Education and civtech delivers economic results and the consequences of capping HiE places for Scots.
- The importance of ensuring that Scotland’s fiscal regime is balanced and competitive relative to the rest of the UK and that tax differentials aren’t counter-productive.
- The lessons to be learnt from the “Oxford model” of funding for new businesses spinning out of universities and opportunities as well as challenges in replicating this in Scotland.

Actions

- Cabinet Secretary to be put in touch with **[redacted]** to discuss Scotland’s competitiveness on investment.
- Cabinet Secretary for Education and Skills to speak **[redacted]** about action to raise standards.
- **[redacted]** **[redacted]** keen to provide input.
- Invitation to all attendees to raise issues with FM and his wider ministerial team in the future.