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22 July 2025

Dear Russel

## **SOUTH OF SCOTLAND ENTERPRISE - 2025-26 STRATEGIC DIRECTION**

I am writing to set out my expectations of South of Scotland Enterprise (SOSE) 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 SOSE 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 SOSE 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 in priority areas of net zero, energy transition, Natural Capital, housing, and infrastructure;

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- 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 SOSE's area derive export benefits from SDI's work;
- developing the national project pipeline of investment opportunities, which includes opportunities in the South of Scotland;
- accelerating the growth of business clusters where the South of Scotland has a competitive advantage and supporting areas of opportunity identified in the Scottish Government's Innovation Strategy, including aiding the delivery of a portfolio of cluster development projects;
- supporting investment in infrastructure critical to the economy;
- increasing the number of women and under-represented founders starting and scaling businesses;
- accelerating the growth of business clusters where the South of Scotland has a competitive advantage, including enabling the delivery of a portfolio of cluster development projects;
- driving the performance of Scotland's entrepreneurial ecosystem, by growing the base in the South of Scotland;
- empowering effective partnership working, decision making and investment through the South of Scotland Regional Economic Partnership; and
- advancing the use of the Community Wealth Building model.

### ***Delivery priorities***

Within this context, I am looking for SOSE 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 SOSE to focus on delivering public sector investment that leverages private investment in the renewables supply chain and infrastructure, focused on clustering, alongside action to attract investment into 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 grow the number of start-ups and support scale-ups in the priority clusters, sectors and academic/business ecosystems identified in the Strategy and with growth opportunity in the South of Scotland, with a particular focus on areas of importance to the regional economy, including natural capital, energy transition, supply chain innovation, regenerative agriculture, and creative and cultural capital.

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- 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 communities and economies.

### ***Delivery mechanisms***

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

- 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. 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 decision making and investment through the South of Scotland Regional Economic Partnership, supports Regional Growth Deals, and engages in regional Community Wealth Building initiatives.
- 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 climate adaptation and sustainability within their strategy/operations.

I ask that you also ensure that SOSE 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 SOSE 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 SOSE:

- 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 142 FTE by end 2025-26;

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- 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.

### ***Demonstrating impact***

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

In addition, I ask that SOSE 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;
- continue work to develop targeted non-traditional performance measures which capture the added value of SoSE activity, and measures appropriate to rural and dispersed economies.

I look forward to working closely with you, and SOSE's Board and staff, during the coming year. 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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