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Dear Professor Brown,

GUIDANCE TO THE ENTERPRISE AND SKILLS BODIES FOR 2017-18

The Phase 1 decisions of the Enterprise and Skills Review (the Review) published by the Scottish Government in October set out the fresh action we will take towards our long-term ambition, encapsulated in Scotland's Economic Strategy, to rank in the top quartile of OECD countries for productivity, equality, wellbeing and sustainability.

The Scottish Government and the four bodies covered by the Review: Scottish Enterprise (including Scottish Development International), Highlands and Islands Enterprise, Skills Development Scotland and the Scottish Funding Council are now engaged in the second phase of the Review, in which we will develop the detailed plans required to implement these recommendations.

I set out my expectations of the way ahead in my statement to Parliament on Thursday 30 March. During this period, Ministers are clear that the bodies must continue to enable delivery of current business objectives and respond immediately to the key challenge of meaningful, productive alignment.

All agencies are therefore being asked to consider their delivery for 2017-18 in the context of the following:

- Extensive and productive collaboration across all four bodies to implement the decisions of the governance workstream, as set out in my statement to Parliament of 30 March 2017.
- The development of an operating plan which demonstrates how your activity is designed to achieve delivery of the Government's Economic Strategy and its priority areas of investment, innovation, inclusive growth, and internationalisation; and how the impact of this will be measured.

- Clear demonstration that plans have been developed - and will be delivered - through collaboration across all of the bodies. I expect to see evidence of the impact of collaborative working with the other public bodies covered by the Review to achieve shared outcomes, improve performance, and secure public value.
- Building from this, playing a full role in the completion and implementation of the Review, doing so on a collaborative basis.
- Demonstration of the highest standards of corporate governance, financial and risk management, and an outward focus.
- Ensuring that Chief Executives continue to be supported in their roles as accountable officer for public funds by a Board that provides strong, appropriate challenge as well as constructive feedback and timely intervention.
- Drawing on high quality evidence on a timely basis to measure progress, demonstrate success and inform improvement.
- Ensuring that Government and Ministers are provided with timely, evidence based advice on performance, risks and impact on a regular and exception reporting basis.

Without prejudicing the nature of strategic Ministerial guidance in future years, as we have not yet concluded Phase 2 of the Review, for 2017-18 Ministers are setting out separately and in more detail what is expected of each agency. This letter accompanies specific guidance for each of the bodies covered by the Review.



KEITH BROWN