

SCOTTISH BUSINESS GROWTH GROUP: MINUTES

Date: 20th April 2017

Venue: St Andrews House, Edinburgh

Attendees:

Brendan Dick & Claire Mack, SCDI

Tim Allan & Waiyin Hatton, Scottish Chambers of Commerce

Colin Borland, Federation of Small Businesses (Scotland)

David Watt, Institute of Directors (Scotland)

Graeme Jones, Scottish Financial Enterprise

Alison McGregor, CBI Scotland

Grahame Smith, STUC

UK Government:

Lord Dunlop, Under-Secretary of State for Scotland

Tom Cartlidge, Scotland Office

David Power, Scotland Office

Janis Makarewich-Hall, BEIS

Scottish Government:

Keith Brown MSP, Cabinet Secretary for the Economy, Jobs and Fair Work (**Chair**)

Mike Russell MSP, Minister for UK Negotiations on Scotland's Place in Europe

Richard Rollison, Innovation, Industries and Investment

Russell Bain, EU Analysis and Policy

Joe Brown, Enterprise and Cities

Allan Ross, Enterprise and Cities

Welcome and introductions

In welcoming everyone to this inaugural meeting of the Group, the Cabinet Secretary noted apologies from Hugh Aitken (enforced by dial-in technical issues), Andy Willox of FSB and Pat Rafferty of Unite. He also congratulated Tim Allan, on his recent appointment as the new President of the Scottish Chambers of Commerce.

The Cabinet Secretary confirmed that the Group would be co-chaired, with alternate meetings hosted by the Scottish Government and Scotland Office.

Lord Dunlop welcomed the establishment of the Group and the opportunity it provides for on-going dialogue which could inform further joint work by the Scottish and UK Governments focused on shared ambitions for transformational change in Scotland's international trade, competitiveness and productivity.

Terms of Reference

The Group endorsed the terms of reference (at Annex A), noting both the merits of the existing membership and the scope to also field ad hoc representatives where specialist knowledge or technical experience will enhance discussion. All members supported the aim of constructive dialogue and, where relevant and agreed, partnership working towards shared economic and social ambitions.

Implications of the EU Referendum Result

Lord Dunlop acknowledged the differences in approach to Brexit between the UK and Scottish Governments but that there was common ground in the determination to secure the best deal possible for the whole of the UK. He stressed that the UK Government was focused on providing as much certainty and continuity for business as possible during the negotiations, and building trust and confidence in the process. The Minister for UK Negotiations on Scotland's Place in Europe noted that, despite reservations about the kind of deal that could be secured, the Scottish Government was ready to engage with the UK Government and business to make the process work. He had been speaking to businesses and business organisations around the country and extended an open invitation for further meetings. There were six key priorities for the Scottish Government: clarity on the status of EU nationals and the continued need to attract skills and talent; access to funds – must be able to continue to attract investment; a stable regulatory framework; trade – keen to discuss existing and new opportunities with UK Government; engagement – need to keep every sector informed and involved; and the need for an informed choice for Scotland once the terms of the final deal become clear.

The Cabinet Secretary endorsed those comments and reiterated that Scotland's voice must be heard during the negotiations.

The business organisations were keen to see the best possible deal on trade and free movement, and welcomed the commitment from both governments to work collaboratively where possible. It was important to move beyond differences over process and find common ground on policy. Transparency during the negotiations was also a priority, along with clarity on how the voice of the business community will be heard. There was significant concern about the impact of changes to free movement and anything both governments could do to mitigate this would be welcome.

A potential area for collaborative work on new ways to help small companies export was identified. The Cabinet Secretary and Lord Dunlop both agreed that this was something they would be happy to take forward.

Action Point – Officials to look at new ways the UK and Scottish Governments can work together to offer help to small companies trying to export.

Industrial Strategy

Janis Makarewich-Hall outlined the main aims of the Green Paper in terms of increased productivity and competitiveness and ensuring growth is spread better across the UK, and noted that many areas set out in the paper were devolved. She indicated that BEIS were beginning to review the very substantive responses to the recently closed consultation process. Richard Rollison noted that the Cabinet Secretary had recently met Greg Clark, Secretary of State for Business, and that SG officials were engaging with their UK counterparts across each of the ten pillars.

In discussion Group members broadly welcomed the focus on productivity and competitiveness and the collaborative approach being taken by both Governments, and asked for:

- Short-term goals and associated performance measures, which should include improved living standards and geographic and sectoral inclusion;
- Alignment with existing sectoral analysis and ambition (such as the financial sector's 5-year strategy which is expected to be confirmed in June) to boost collaborative working with business and deliver at pace;
- A greater focus on workplaces, to successfully embed transformational change; and
- A shift in public policy interventions, reducing business support which delivers marginal benefits.

The Cabinet Secretary noted that the Enterprise and Skills Review was predicated on the importance of optimising the impact of public policy and support.

Lord Dunlop recognised and endorsed the importance of working collaboratively to help local economies grow in Scotland and ensure that the Industrial Strategy takes account of Scotland's strengths and the structure and geographic distribution of the Scottish economy.

Forward Look

Members identified skills and productivity as key issues for the next meeting of the group, noting the importance of a workplace context which also encompassed both the economic contribution of higher education and the public sector and the challenges and opportunities associated with different business sectors and different geographies.

Date of next meeting

The Cabinet Secretary asked officials to urgently circulate and finalise dates for quarterly meetings through to early 2018.

Scottish Government
Scotland Office
May 2017

SCOTTISH BUSINESS GROWTH GROUP – TERMS OF REFERENCE

Purpose

There is a broad consensus on the rationale for more regular and focused meetings to explore the economic and business implications of the EU Referendum vote, to represent Scotland's interests, ensure a continuing relationship with Europe, and both optimise our economic performance and support businesses as they pursue new commercial opportunities as they arise. The STUC and Business organisations want to represent their members interests fully in discussions about SG/UK and UK/EU dialogue and negotiations, and that has been welcomed.

The group will ensure that the voice of business, employers and employees is ever present as together we work through all the implications of the Referendum result. It will provide space for constructive dialogue and, where relevant and agreed, partnership working about:

- overcoming economic, commercial and labour market challenges and seizing opportunities,
- post-Referendum business-related policy development within government; and
- communications.

Scope

Constitutional matters are not in scope.

Membership

The group will co-chaired by the Cabinet Secretary for Economy, Jobs and Fair Work and the Secretary of State for Scotland. Members are:

- The Minister for UK Negotiations on Scotland's Place in Europe
- Minister from the Department for Exiting the European Union
- STUC
- the Chair and Chief Executive of the Scottish Chambers of Commerce
- the Chair and Director of the Institute of Directors Scotland;
- the Chair and Chief Executive of SCDI
- the Chair and Director of CBI Scotland
- the Chair and Chief Executive of Scottish Financial Enterprise
- the Policy Convenor and Head of External Affairs of FSB Scotland.

Each organisation may, as required, also field ad hoc representatives where specialist knowledge or technical experience will enhance discussion.

Meeting arrangements

- The group will meet quarterly. Locations are to be confirmed but should be flexible to move between Edinburgh, Glasgow, and other locations.
- Summary minutes will be published online by the Scottish Government and on Gov.uk when approved by members.

Review

All aspects of the group's role and activities will be reviewed and revised after two years. The presumption is that it will be a time-limited group which will be closed down when appropriate.