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Clare Baker MSP
Convener
Economy and Fair Work Committee
The Scottish Parliament
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27 February 2024

Dear Clare,

The former Cabinet Secretary for Wellbeing Economy, Fair Work and Energy provided evidence to the Economy and Fair Work Committee on 31 January and outlined the Scottish Government's spending plans for the portfolio as was set out in the draft Scottish Budget 2024-25. I have provided additional information from this discussion below.

Impact assessments for Fair Work and Employability schemes

The Scottish Budget set out our plans to invest up to £90m in devolved employability services in 2024/25, with services targeted at supporting those facing structural barriers to entering employment, including parents, disabled people, those with long term health conditions and ethnic minorities. Investment in our employability commitments will support our work to tackle child poverty and deliver a labour market that is inclusive and offers equality of opportunity for all to access and to progress in work. Annex C of the Scottish Budget 2024 to 2025: equality and fairer Scotland statement¹, provides detail on how equality impacts are assessed as part of the Budget process.

Savings decisions related to employability have been far from easy, but in the most challenging financial context in the devolution era, they have been necessary. Every savings decision related to employability funding has been taken with the primary aim of protecting investment in front line services. Our budget proposals confirms our commitment to future multi-year funding to provide much needed certainty to the sector and for the people accessing our services, with services targeted at supporting those facing structural barriers to entering employment. We will be working to determine the detail underpinning this commitment in the coming months.

¹ <https://www.gov.scot/publications/equality-fairer-scotland-budget-statement-2024-2025/pages/18/>

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Act 2010. However, the programme does provide support *to an individual* which is over and above that which an employer could be reasonably expected to deliver. For example, a support worker, expensive specialist equipment or adaptations etc.

Early stage investment opportunities in Scotland

At the Committee meeting, Mr Gray highlighted the launch of Scottish Enterprise's new corporate plan, which key priorities include inspiring innovation.

Scottish Government delivers substantial early stage investment through our Enterprise Agencies and in particular Scottish Enterprise which is the most active public sector investor at early stage. Scottish Enterprise invests on a fully commercial basis syndicating with private sector investors who usually act as lead investors ensuring that the best opportunities receive support. Scottish Government also supports LINC Scotland, the trade body for Scotland's business angel syndicates who are the most active private sector investors in the early stage space; for example, in the 3 months to 31st December 2023 LINC's members invested £14.8m in young innovative companies leveraging a further £28.2m of investment so that those companies received a total of £43m to finance their growth ambitions.

Expansion of R100 to island communities and risk of inflation to supply chain costs

The Scottish Government Reaching 100% (R100) programme is delivering future-proofed broadband infrastructure that will underpin economic growth and transform the economic prospects of communities across Scotland.

R100 is being delivered through three key strands of activity - the Scottish Government's over £600 million R100 contracts, the R100 Scottish Broadband Voucher Scheme (R100 SBVS) and ongoing commercial coverage. The R100 Programme has delivered over 49,000 connections to date together with 16 new fibre optic subsea cables, providing connectivity to 15 Scottish islands. This is in addition to the 20 subsea cables already delivered through our legacy programme, DSSB.

All contractual island build is contained in the R100 North contract which is now seeing island build ramp up as we take advantage of the new subsea cables laid last year. As of January 2024, 1,600 premises across 23 islands could access a superfast broadband service as a direct result of the R100 Programme. Around 12,000 of the 114,000 premises expected to be connected through the R100 contracts are located in island communities. Once connected, these premises will have access to future-proofed gigabit capable infrastructure, which can provide download speeds of up to 1 Gigabit (1,000 Megabits) per second.

We are developing an Islands Engagement plan in partnership with Openreach to ensure that communities are fully aware of what is coming and the impact the build will have on island life. This follows a successful pilot on Lismore, where build was completed in 2023.

The Scottish Government continues to prioritised investment in digital connectivity in the 2024-25 budget, recognising that it is a key building block for a green and growing economy.

The inflation risk sits with the supplier for the R100 contracts. The amount of funding that can be claimed by the supplier is capped for each contract. Inflation would not result in additional funding being applied to increase any contract funding cap.

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Plans for the investment of £1.5m to implement the Pathways report recommendations

Plans are being developed for the next phase of implementation of the recommendations of the Pathways report. Discussions are underway with Chief Entrepreneur Mark Logan, co-author of the report with Ana Stewart, on how best to deploy the available funding of £1.5m in 2024/25, with our primary focus on establishing the Pre-Start network.

Projects supported in 2023/24 through the Pathways Pre-Start Fund are now underway and we will use the results of those programmes to inform the next stages of our work. Officials are happy to update the Committee once those are confirmed.

I hope you find this information helpful and I look forward to working with the Committee as I take forward the Scottish Government's priorities.



MÀIRI MCALLAN

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