



The Scottish Parliament  
Pàrlamaid na h-Alba

## Economy, Energy and Tourism Committee

Alex Paterson  
Chief Executive  
Highlands and Islands Enterprise  
Cowan House  
Inverness Retail and Business Park  
Inverness  
IV2 7GF

3 June 2014

*Dear Mr Paterson,*

### DRAFT BUDGET 2015-16

The Economy, Energy and Tourism Committee has agreed its approach to scrutiny of the Scottish Government's draft 2015-16 budget.

[www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/77643.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/77643.aspx)

Essentially there are two elements to this. First, its primary focus will be on the NPF national indicator to 'increase exports'. Second, it will pursue issues highlighted in its 2014-15 budget report.

The Committee has today issued its call for evidence on both elements. With regards 'element two' (those issues raised in last year's budget report) I have today written to the Cabinet Secretary for Finance, Employment and Sustainable Growth seeking an update from the Scottish Government. That response is due 11 July 2014. It will then be published and we will invite external bodies to respond to what the SG has said.

You will recall from last year's report we also invited HIE to provide updates on a number of issues as part of its 2015-16 draft budget submission. For ease I am attaching a list of these issues. Essentially the Committee is seeking updates on specific actions taken by HIE since we reported last year (and your January 2014 response), what improvements these actions have brought, and an update on figures (where appropriate) for both 2014-15 and 2015-16. **The deadline for the provision of this information, which will be alongside your 'normal' draft budget proposal, is 24 October 2014.** Our clerks will be in touch with your officials to discuss a new layout with regards the provision of your core budget submission (the tables and narrative which goes alongside these).

On 'element one' (the increase exports indicator) we have issued a general call for evidence. We will forward the responses received (the deadline is 11 July) to you,

The Scottish Parliament, Edinburgh, EH99 1SP  
Tel: (0131) 348 5230, RNID Typetalk 18001 0131 348 5230  
[eet.committee@scottish.parliament.uk](mailto:eet.committee@scottish.parliament.uk)

SE, SDS and the Scottish Government seeking responses. The deadline for you will be 5 September. I will however write to you in July about this.

The Committee hopes that through this approach it will be in a more informed position when it commences oral evidence sessions in October (it may be helpful if you could pencil in the afternoon Monday 3 November to give oral evidence).

I am happy to discuss any aspect of this approach with you or, should your officials have any questions, our clerks are happy to discuss this approach with them.

The Committee looks forward to hearing from you.

Kind regards,

A handwritten signature in black ink, appearing to read 'Murdo Fraser', written in a cursive style.

Murdo Fraser MSP  
Convener

## ECONOMY

*Identification of potential growth SMEs and support [paragraphs 84-107]*

1. The Committee welcomes the challenging target that the enterprise agencies have set themselves for increasing the number of account managed firms by 20% over the period to 2015. On the basis of the progress to date – whilst welcome – it must be open to question whether this will be achieved. The Committee would welcome evidence from the agencies to support the view that the rate of increase in additional account managed companies would be achieved.

2. The Committee recommends that Scottish Enterprise and Highlands and Islands Enterprise update the Committee, as part of their respective draft 2015-16 budget submissions, on the progress towards the target for increasing the number of account managed companies and what measures they have taken to increase progress towards achieving the target.

3. The Committee invites Scottish Enterprise and Highlands and Islands Enterprise to provide further detail on how they seek and secure feedback from each of their account managed businesses with regards their overall experience of the process, the quality and relevance of the information given to the business by the account manager, the account managers understanding of the business concerned and of its specific needs and whether the business achieved the growth potential identified. The Committee recommends that this information also be provided as part of next year's budget scrutiny phase.

4. The Committee invites Scottish Enterprise and Highlands and Islands Enterprise to each provide the following information in relation to its account managed companies: the total (a) agency expenditure on account managed companies in 2012–13 and to date in 2013-14; (b) other public support/funding received by account managed companies in these periods; and (c) number of companies in account management during these periods.

## ENERGY ISSUES

*Investment in renewables [paragraphs 159-172]*

5. Furthermore, the Committee invites Highlands and Islands Enterprise and Scottish Enterprise to indicate how much from their respective budgets for 2012-13, 2013-14 and 2014-15 was, and will be, allocated to renewable energy.

*Skills [paragraphs 173-176]*

6. The Committee invites Highlands and Islands Enterprise to outline how it is taking this work with the university sector forward, what funding is being applied in support, and what benefits have been achieved to date.

## OTHER ISSUES

*Strategic Forum and efficiency savings [paragraphs 201-211]*

7. At the conclusion of the current financial year, the Committee invites each of the Strategic Forum partners to provide us with a detailed breakdown of the savings which they each made, i.e. what the saving was in respect of and what amount.

8. Based on the information available to us, the Committee is unable at this time to identify whether and how the £40 million target for efficiency savings by the Strategic Forum in the 2014-15 financial year will be met. We appreciate that these figures are subject to change and that financial year 2014-15 is not yet underway. Accordingly, we ask the Strategic Forum partners to provide further detail on how they will make these savings and report to us as soon as possible after 1 April 2014, to outline what action they have taken to ensure such individual savings were achieved.

*Asset disposals [paragraphs 212-227]*

9. It also invites Highlands and Islands Enterprise to detail what action it will take should it be unable to meet its £4.5 million income projection through property sales.

10. Furthermore, the Committee invites both enterprise agencies to detail, with regards those properties which they will be seeking to sell, (a) how much it paid for each property when originally purchased; and (b) what the current approximate market value of each property is. The Committee gives notice that it intends to return to this subject in 2014-15 to review the sums which both agencies have been able to raise by property sales and disposal of assets to see if they represent value-for-money.