

Priorities for Scottish Government

1. This is the first meeting of the COHI since the Scottish Parliament elections in May and the EU Referendum result in June 2016.
2. The publication of A Plan for Scotland; The Government's programme for Scotland 2016-17 in September outlined the Scottish Government's priorities for the year and Parliamentary term ahead, including: *to build a more prosperous nation with a dynamic, sustainable and inclusive economy, with public services that put people's needs first, and where every individual has true equality of opportunity*. It also set out three key themes which would contribute to that overall aim: education with opportunities for all; an economy with more jobs and fair work; and transformation of our public services putting people in charge.
3. **Annex A** summarises headline commitments set out in the Programme for Government. **Annex B** sets out the programme of Bills which are planned to be taken forward during the lifetime of the Parliament.

EU Referendum Result

4. The EU referendum result, which raises the prospect of removing Scotland from the EU against the wishes of 62% of people in Scotland who voted in the referendum, including the majority in all 32 local authority areas, provides the overall context in which government, business and broader interests will be operating over the coming months and years.
5. The First Minister has repeatedly stated that membership of the EU is in the best interests of Scotland for our economy, society, culture and place in the world. EU membership reinforces Scotland's position as an open, inclusive and outward-looking society where EU citizens are welcome to live work and contribute. The Scottish Government is therefore considering all possible options to protect our relationship with the EU and in doing so we are ready to work creatively and positively with the UK Government to shape a future that respects the interests of Scotland.
6. The Scottish Government are pressing for urgent clarification of how the UK will deliver on the PM's commitment to full involvement for Scotland, particularly in light of PM's announcement on timing of invoking Article 50. As part of a process with the UK Government, the Scottish Government will set out a plan for Scotland, requiring substantial additional powers for the Scottish Parliament, and will seek to make this plan a key element of the UK's negotiations. We will also table specific proposals in the coming months to protect Scotland's interests and keep us in the single market - even if the rest of the UK decides to leave.
7. **Annex C** provides more information on the Scottish Government response to the EU referendum result. This agenda item will help inform Scottish Government positions by providing COHI members with an opportunity to outline key impacts, priorities and opportunities for their organisation in relation to the EU referendum result.

Enterprise and Skills Review

8. While securing Scotland's relations with the EU is an important priority which cuts across all areas of policy, the Scottish Government is also committed to delivering a wide and full programme of work which fosters a resilient and growing economy as well as supporting a fair and inclusive society underpinned by democratic accountability.

9. A key early piece of work which has been taken forward over the summer, and which touches on the three key themes of education, economy and transforming public services, is the Enterprise and Skills Review.

10. The Review was announced by the First Minister in May to look at the support provided by Highland and Island Enterprise, Scottish Enterprise, Scottish Funding Council and Skills Development Scotland to ensure that all our public agencies are delivering the joined-up support that businesses and individuals need to deliver a step change in Scotland's economic performance, productivity and inequality. On the 15th September, Ministers announced the decision to take the Review forward through a phased approach with outputs of phase one due for publication shortly.

11. **Annex D** provides further information on the Enterprise and Skills Review, its engagement process and key messages from the evidence which has input to the review. This agenda item will provide an opportunity for COHI members to discuss the Review, and particularly how they wish to engage and input to phase two.

Summary

12. The Scottish Government's vision is for a country with a resilient and growing economy, an education system which enables true equality of opportunity for all and the availability of public services which are efficient, fair, flexible and valued.

13. The EU referendum result creates a situation whereby Scotland could be removed from the EU despite every local authority area within the country voting to remain. Exploring all options to maintain Scotland's place within the EU and to ensure that Scotland's key interests are clearly articulated to the UK Government and other European partners is thus an important priority for the Scottish Government which cuts across all policy areas.

14. The EU referendum result has created a context of uncertainty amongst businesses, the wider public sector and for individuals. The Scottish Government are therefore taking steps to offer reassurance and encourage business investment which can support inclusive economic growth across Scotland. Part of this has been exploring what future enterprise and skills support which meets user needs within a simpler system might most effectively entail.

Discussion points

15. The Key Priorities for Highlands and Islands Post-2020 agenda item will provide an opportunity to consider the commitments set out in the Programme for Government in the context of common priorities identified across the Highlands and Islands. As such, this item might focus on the EU Referendum and the Enterprise and Skills Review.

- **What are the priority issues and opportunities associated with the EU referendum for COHI members and their stakeholders? Where and how might other partners or the Scottish Government help effectively address these issues?**

- **How might COHI members most effectively help maintain the broad stakeholder interest and momentum generated by the Enterprise and Skills Review and how would members like to engage with the Review as phase 2 unfolds.**

PROGRAMME FOR GOVERNMENT FOR SCOTLAND 2016-17

1. This annex summarises the Scottish Government's Programme for Government which sets out a commitment to maintain a focus on the priorities of day-to-day government:

- An education system providing opportunities for all
- An economy with more jobs and fair work
- Public services fit for the future which empower people and communities

Education – making our education system world class with opportunities for all

2. The defining mission for this government is to close the poverty-related attainment gap, with an aim to make significant progress within the lifetime of this Parliament and substantially eliminate the gap over the course of the next decade. The goal is to ensure that young people from disadvantaged backgrounds should have the same life-chances as those from better off families or backgrounds.

3. An important part of the suite of activities which will contribute to closing the attainment gap is the expansion of early learning and of childcare (ELC) and nursery capacity across Scotland. By 2020 the provision of ELC will be doubled to 1,140 hours for three and four year olds as well as two year olds who will benefit the most. This increased provision will be accompanied by investment in the necessary infrastructure as well as the recruitment of up to 20,000 qualified workers and piloting of approaches to support parents in low incomes households to afford the upfront costs of childcare. Over the next year a policy blueprint, setting out clear milestones for delivery of ELC commitments will be published.

4. As well as helping equip every child with the literacy and numeracy skills which will contribute to closing the attainment gap, the increase in ELC will support wider economic growth by enabling parents to rejoin the workforce, something which will be assisted by the establishment of a 'Returners' project so that women can get help in updating their skills and knowledge while employers can retain skilled staff after a career break.

5. Over this Parliament £750 million will be invested through the Scottish Attainment Fund with £150 million invested in 2017-18 through allocating £100 million directly to schools and £50 million through the Challenge Authorities and Schools Programme. A schools governance review will be undertaken, starting with the presumption that decisions about individual children's learning and school life should be taken at school level. It will explore how support at every level of our education system can be aligned to deliver that improvement.

6. As it is vital the education and training system supports young people through-out their lives, offering equal opportunity to go from school to university, college, work based training or employment, a review into improving learning for all 16-24 year olds will be taken forward to ensure every young person has the most effective learner journey possible and more stepping stones are provided to those needing the most support. The Scottish Government will also continue to work with industry, education and other partners in the implementation of Developing the Young Workforce.

7. Across the college and university landscape, the Scottish Government has confirmed that at least 116,000 full time equivalent college places will be maintained and that full time Scottish-domiciled undergraduate students taking their first degree will not have to pay

tuition fees. A Commissioner for Fair Access will be appointed to drive progress in meeting the goal that students from the 20% most deprived background should represent 20% of university entrants by 2030.

Economy – growing a productive, sustainable economy with more jobs and fair work

8. Sustainable economic growth which is robust, resilient and inclusive underpins the successful delivery of all the Scottish Government's priorities. Scotland's Economic Strategy, with its twin focus on boosting competitiveness and tackling inequality, supported by the priority areas of internationalisation, inclusive growth, innovation and investment continues to provide the framework to foster economic growth and a culture of fair work. This is supported by the publication of a Labour Market Strategy in August 2016 and ongoing promotion of the Scottish Business Pledge.

1. The Fraser of Allander Institute has shown that some 80,000 jobs in Scotland could be lost if the UK ceased to be in the EU Single Market, and the lack of clarity over how the UK Government is responding to the EU referendum result has created uncertainty for businesses, trade and labour markets.

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3. To reduce this uncertainty and signal that Scotland remains an attractive and stable place to invest in, set-up or grow a business, the Scottish Government have taken a number of steps to offer reassurance and encourage business confidence.

4. This includes the announcement of a £100 million Capital Acceleration Programme which provides additional capital funding this financial year to stimulate the economy. The funding is focused on projects that support and create employment as well as speed up delivery of health and infrastructure projects. This includes £10 million for domestic energy efficiency measures and £10 million to make public sector buildings more energy efficient as well as £23 million to support maintenance of the Higher Education estate across Scotland and £10 million to support the maintenance of the Further Education estate.

5. Effective partnership working is fundamental to how the Scottish Government seeks to operate. In an economic development context this means close engagement and strong two way communication channels between the Scottish Government and businesses as well as with the third sector and wider public sector. Building relationships with business, to understand their priorities and challenges, as well as where and how government can assist in realising opportunities and enabling business to take responsibility for the activities which can most effectively be delivered by the private sector, is a key part of our stakeholder engagement following the EU referendum result.

6. To maximise the international trade opportunities and emphasise Scotland remains open for business a comprehensive programme of SDI led trade missions is being developed while a Ministerial Trade Board will provide advice to Ministers on the most effective ways to boost exports in current circumstances. This work to maximise international opportunities will be complemented by the £3.5 million being invested to set up new innovation and investment hubs in London, Dublin and Brussels while a new Scottish Growth Scheme will be established to provide up to £500 million investment guarantees up to a maximum of £5 million per business.

7. The digital economy offers significant potential to drive productivity growth across Scotland as well as ensure businesses and communities in more peripheral areas have access to networks and markets which help reduce the challenges of geographic distance.

Over the coming year a new delivery plan will be launched to set out how the commitment to reach 100% of premises with superfast broadband will be delivered and a mobile programme to address gaps in 4G mobile coverage developed. (Digital issues will be explored in more detail elsewhere on the agenda at this COHI meeting).

8. A Climate Change Plan will be published in 2016-17 setting out the infrastructure priorities for the coming decades in key sectors. An Energy Strategy being developed in parallel to provide a visionary plan for low carbon energy generation and use over this period. Together these plans will steer decisions on issues like how homes and businesses are powered or heated, how people or goods are moved and how buildings can be improved to reduce energy use. The case for new targets for renewable energy generation will also be considered. (Energy issues will be explored in more detail elsewhere at this COHI).

9. Infrastructure provision provides jobs in the short term through construction as well as creating an asset which supports future growth and jobs. Over the course of this Parliament the Scottish Government will invest almost £20 billion in a major infrastructure programme. Transport Scotland are working with stakeholders to undertake a full review of the National Transport Strategy while transport's infrastructure investment plan, the Strategic Transport Projects Review, will be reviewed and aligned with the National Planning Framework.

10. To support young people into sustainable employment the Scottish Government will start work to deliver three months free bus travel to those receiving the new Jobs Grant and for all modern apprentices aged under 21. Demonstrating a commitment to inclusive growth there will continue to be free local and Scottish long distance bus travel for older or disabled people. On ferries work to deploy satirecards on Clyde and Hebrides ferry routes will continue along with publishing of a study considering potential arrangements to reduce ferry fares on Northern Island services.

11. Rural Scotland accounts for 98% of Scotland's land mass and nearly 20% of its population. While rural Scotland has many assets and strengths which make it attractive, as well as sectors of particular strength, there are also common challenges, many linked to transport, digital or energy connectivity which influence the context surrounding the rural economy. To enhance the rural economy and support rural communities the Scottish Rural Development Programme will continue to provide funding in 2016-17 and a series of summits will be held to explore how best to deliver investment, sustainable growth, jobs and opportunities in rural and island communities. A Scottish Rural Infrastructure Plan will be developed in 2017 to better coordinate existing and planned expenditure and resources.

12. Building growth across all areas of rural Scotland is a priority for the Scottish Government. Measures which will primarily support rural economic growth include beginning to draft a new National Development Plan for crofting, something which will inform a Crofting Bill later in the Parliament. The introduction of a Forestry Bill will ensure that Scottish Ministers have control of all aspects of forestry and will support maximising the forestry contribution to economic, environmental and social development. Consultation with all fishing sectors and interests will build on the Scottish Inshore Fisheries Strategy to develop. By spring a refreshed food and drink industry strategy will be published and details set out for how £5 million investment to support island / regional food and drink will be taken forward.

Public Service Reform – Transforming our public services

13. High quality public services play a vital role in making Scotland stronger and fairer and delivering inclusive economic growth. Public services are valued in Scotland and the Scottish Government are taking steps to ensure that everyone has an opportunity to input to how

services are run as well as ensure equal potential for individuals to benefit from services. This people centred approach to meeting needs while identifying efficiencies and fostering collaboration underpins the whole public sector reform agenda in Scotland, including in areas like the integration of health and social care.

14. The NHS remains one of Scotland's most precious public services and one the Scottish Government are committed to supporting, free at the point of need and publically owned and operated. To meet the changing population needs and take advantage of technological developments, prevention and early intervention is being prioritised to shift the balance from acute care to community health services. By the end of this Parliament the health resource budget will rise by £500 million in real terms and the Scottish Government will continue to make targeted investments to become a leader in digitally enabled public services.

15. Four priorities will be developed over the coming year to help bring about longer term improvement in the health of people in Scotland:

- Empowering a community health service – working in partnership to deliver the reforms necessary for a community health service.
- Enhancing mental health – through investment in effective and accessible treatment.
- Improving population health – working across government to align in areas that will drive health improvement.
- Supporting clinical leadership of transformation – acting on Realistic Medicine principals.

16. A Social Security Bill will be introduced to take forward the Scottish Government's priorities for the social security powers which will be devolved. The Scottish approach to social security will be based on equality, dignity and fairness. An extensive consultation will inform the content of the Bill.

17. An independent Poverty Advisor has been appointed to consider how to improve the life chances of young people and to advise on the form as well as scope of a Poverty and Inequality Commission. A Fairer Scotland Action Plan was published in early October outlining 50 actions to help tackle poverty, reduce inequality and build a fairer, more inclusive Scotland. The Action Plan is built on high level ambitions to enable a fairer Scotland for all; ending child poverty; ensuring a strong start for all young people; fostering fairer working lives; and ensuring a thriving third sector.

18. As a start on meeting the commitment to deliver 50,000 new homes over the next five years, 35,000 for social rent, the Scottish Government will work with local authorities and housing associations to invest over £572 million this year. To enable housing and infrastructure delivery that supports quality of life in all communities and promotes quality of place the Scottish Government will build on recommendations of the recent independent planning review to introduce a Planning Bill early in the current Parliament.

19. The £10 million Scottish Land Fund will help increase community land ownership and contribute to the goal of reaching one million acres in community ownership by 2020. Implementation of the Land Reform Act has begun and to improve transparency of Scotland's land ownership a consultation on proposals for register of controlling interests in those who own land will be undertaken. The Scottish Government will also consult later this year on the future of the Crown Estate including community control of revenue.

20. The Scottish Government believe that high quality public services play a crucial role in shaping the economy and society and that local government is a key partner in delivering improved outcomes. The Government is also clear in its commitment to decentralisation of

power and will continue to work with local government and communities to deliver on the target to have at least 1% of local authority budgets used on Community Budgeting. This will be supported by a £2 million Community Choices Fund.

SCOTTISH GOVERNMENT LEGISLATIVE PROGRAMME

The Scottish Government will be proposing a full programme of Bills for consideration by the Scottish Parliament. These are listed below.

Air Passenger Duty

Utilising Scotland Act (2016) powers the Bill will set out the scope and structure of the APD replacement tax which is planned to come into effect in April 2018.

Budget Bill

Annual Budget Bill for Parliament to approve Scottish Government spending plans.

Child Poverty Bill

Will enshrine in legislation the ambition to eradicate child poverty and require a child poverty delivery plan to be produced every five years and reported upon annually.

Contract (third Party Rights) Bill

Will reform the current rule of contract law which creates an enforceable right in favour of a third party and replace it with a statutory version.

Domestic Abuse Bill

Will ensure that psychological abuse, such as coercive or controlling behaviour, can be effectively prosecuted under criminal law and ensure appropriate penalties are available to deal with domestic abusers.

Expenses and Funding of Civil Litigation Bill

Will introduce measures to make the cost of civil action more predictable, to extend the funding options for pursuers, and to bring more equality to the funding relationship between claimants and defendants in personal injury actions.

Forestry Bill

Will complete devolution of forestry and ensure that Scottish Ministers have control of all aspects of forestry and introduce new arrangements for its governance, development, support and regulation.

Gender Balance on Public Boards Bills

Using Scotland Act (2016) powers the Bill will require positive action to be taken to redress gender imbalances on public sector boards.

Housing (Amendment) Bill

Will ensure Registered Social Landlords continue to be classified as private sector bodies.

Islands Bill

Will build on the work of the Island Areas Ministerial Working Group and provide for island-proofing of future legislation and policy as well as creating a National Islands Plan.

Limitation (Childhood Abuse) Bill

Will remove the three year limitation period for personal injury actions where the person raising the action was a child (under 18) at the time of the injury and the act which the child's injuries were attributable constituted abuse.

Railway Policing Bill

Using Scotland Act (2016) powers the Bill will confer railway policing powers on Police Scotland and the Scottish Police Authority.

Social Security Bill

Will set out the over-arching legislative framework for social security in Scotland.

Wild Animals in Circuses Bill

Will ban the use (performance and exhibition) of such animals in travelling circuses.

Referendum Bill

Published a consultation on a draft Referendum Bill (20 October), in order that it is ready for introduction should the Scottish Government conclude – and decide to seek Parliamentary agreement – that independence is the best or only way to protect Scotland’s interests in the wake of the EU Referendum.

EU REFERENDUM

1. The Scottish Government believes that EU membership delivers many social, economic and cultural benefits for individuals, businesses and communities. Scotland voted strongly and unequivocally to remain within the EU (62% remain with all local authority areas voting to remain).
2. The EU Single Market has delivered significant economic and social benefits for Scotland. The Four Freedoms of the Single Market – the freedom of movement of Capital, of People, of Goods, and of Services – have removed barriers to trade and opened Scotland to a market of over 500 million people. The EU is the top destination for Scottish exports, receiving 42% of Scotland's international exports (£11.6 billion in 2014).
3. Scotland remains part of the EU and an attractive place to invest or do business. Since the EU referendum outcome Ministers, including the First Minister, have had extensive engagement with business and have taken steps to counter the uncertainty caused by the result. A dedicated Information Service to answer company questions about the business implications of the Referendum result has been established, while a £500 million Scottish Growth Scheme and a £100 million Capital Acceleration Programme have been announced to support and stimulate Scotland's economy. A four-point plan to boost trade and exports, ensuring that European friends know that Scotland is open for business will be implemented.
4. The EU however is not just an economic union, but also a union of solidarity, social protection and mutual support. From a solidarity perspective EU membership provides a framework for cooperation on collective challenges such as climate change or security. EU law provides a common set of social rights and regulations for workers like 20 days of paid leave per year and the right to choose not to work more than 48 hours per week, while the EU also supports the ambitions of governments to deliver inclusive economic growth and prosperity with the European Structural and Investment Fund 2014-20 programme investing around €941 million in Scotland.
5. In a speech to the Arctic Circle Assembly on 7 October the First Minister summarised the Scottish Government position as: *Fundamentally, Scotland will do everything we can to remain an open, inclusive and welcoming nation – working with our neighbours, playing a positive role in the world, and strengthening rather than weakening our partnerships with other nations. Our friendships and partnerships with the countries around us matter deeply to us. We will not allow them to be damaged by Brexit.*
6. To build on the position articulated in the above point while providing reassurance that EU nationals are valued and welcomed in Scotland, five key interests have been identified to guide considerations around options to protect Scotland's place in Europe:
 - **Democracy** – making sure Scotland's voice is heard.
 - **Economic prosperity** – the importance of staying inside the single market to protect the jobs, investment and trade that depend on it.
 - **Social protection** – safeguarding the social, employment and environmental protections which come from EU membership.
 - **Solidarity** – the importance of countries working together to tackle global issues like climate change, energy security and the fight against terrorism
 - **Influence** – scope to have a role in shaping rules and positions on issues impacting Scotland.

7. There are 181,000 non-British EU nationals who have chosen to make their home in Scotland and continue to be welcome. Scottish Ministers will continue to press the UK Government to deliver an immigration system that meets Scotland's needs.

8. The Scottish Government is very clear that there must be a political process that allows the Scottish Government to play a full and active part in the development of the UK position in advance of Article 50 being triggered, in line with the commitments made by the Prime Minister. As part of a process with the UK Government, the Scottish Government will set out a plan for Scotland, requiring substantial additional powers for the Scottish Parliament, and will seek to make this plan a key element of the UK's negotiations. It is also essential that the UK Government have meaningful discussions both with the devolved administrations and with their partners in Europe.

9. To explore the impacts of the referendum and options to secure Scotland's relationship with the EU, a Standing Council on Europe was established to bring together experts with a wealth of knowledge and experience on Europe and with backgrounds in legal, business, finance, economics and diplomatic matters. The Council, Chaired by Professor Muscatelli, the Principal and Vice Chancellor at University of Glasgow, has three principal functions:

- To provide expert advice on securing Scotland's relationship with the EU.
- To consider the impact of any proposed changes to the UK relations with the EU on Scottish interests.
- To advise Scottish Ministers through negotiations in order to secure Scottish interests and objectives.

10. The Standing Council on Europe met for the second time on 29th August to discuss options to protect Scotland's interests and the additional powers our parliament would need to make them work; it will meet again on 16 November. To ensure the cross-portfolio range of interests and priorities are reflected in engagement with the UK Government, Mike Russell, MSP, has been appointed a Minister for UK Negotiations on Scotland's Place in Europe.

11. If Scotland's interests cannot be protected in a UK context, the Scottish Government has stated that independence is an option which people in Scotland must have the right to consider. A draft of the Bill for consultation was published on 20 October to ensure that it is ready for introduction should the Scottish Government conclude that independence is the best or only way to protect Scotland's interests. Any decision on a further referendum including the timing of it will be for the Scottish Parliament to take having considered all the options for Scotland's future relationship with the EU.

ENTERPRISE AND SKILLS REVIEW

Background

1. On 25 May 2016 the First Minister announced an end-to-end review to ensure that all of our public agencies are delivering the joined up support that our young people, universities, colleges and businesses need to make the step-change in our economic performance. The Review is looking at the enterprise and skills support provided by SE, including SDI; HIE; SFS; and SDS, and focuses on delivering improved outcomes.

2. The Review is led by the Cabinet Secretary for Economy, Jobs and Fair Work, supported by relevant Ministers and involving key agencies, stakeholders and users. The Cabinet Secretary is also assisted by a Ministerial Review Group of independent experts and individuals with experience across business, business organisations, colleges, universities, student unions, STUC and economists who play a vital role in ensuring that the Review is robust, produces sound and evidence-based recommendations, and is driven forward with energy and creativity.

Rationale for the Review

3. Scotland's Economic Strategy sets out the approach to achieving our national purpose of delivering sustainable economic growth with opportunities for all. The approach is based around the two mutually supportive goals of increasing competitiveness and tackling inequality. The Strategy sets out four priority areas for supporting sustainable economic growth: Investment; Innovation; Inclusive Growth and Internationalisation.

4. 2015 was a record year for inward investment in Scotland, and we have had great success in attracting investment and in helping companies to innovate, export and expand. We have real strength in our colleges and universities and a record of achievement in our skills agencies to build on. However, Scotland remains in the third quartile of OECD nations for productivity and inequality, with the Review providing an opportunity to explore how to make a step-change to the top quartile of OECD nations.

5. The Review is evidence led and focused on meeting user needs. The aims are:

- Building on the evidence of 'what works' and national and international benchmarking to achieve the step-change needed in Scotland's economic performance;
- Capturing the user journey /experience to understand what might be simplified / improved;
- Shaping which services should be prioritised and how they should best be delivered.

Engagement process and input evidence

6. The Review has benefited from a wide ranging engagement process which includes, a public call for evidence, stakeholder engagement workshops and Ministerial or Review Team meetings with key stakeholders. The call for evidence received over 320 responses from a diverse range of users and learners. Parallel with this, in-depth user experiences from over 70 users and learners were explored through a series of workshops across Scotland.

7. Input evidence for the Review has been published. This includes papers exploring enterprise and skills from an international perspective, a report looking at business and learner journeys, and a summary of responses to the Call for Evidence. The responses themselves, where respondents have given permission, have also been published.

8. Key points made by respondents to the call for evidence include:
- A clear perception across respondents that a lack of clarity on roles and responsibilities leads to duplication. Views were expressed that a refreshed strategic focus with a single vision, goals and shared ownership could foster more effective collaboration.
 - There is overlap and duplication but also a lack of awareness from end users about the totality of support which they might access. This prevents end users from engaging with the agencies and users said there was no “end-to-end” service delivery and that the commitment to a “no wrong door” delivery model was not evidenced.
 - Particular issue where nationally set criteria for access to support to grow businesses might exclude some early growth clients and smaller businesses with more localised business profiles. Also true in relation to decision making around skills initiatives which were felt to not always take account of the practicalities of delivery in rural areas.
 - There were individual good practice examples of partnership working. However there were also many examples where a lack of communication at a strategic and operational level between agencies themselves and other partners is leading to disjointed delivery.
9. David Skilling’s report explored enterprise development policy and agencies in small advanced economies. Main points highlighted include:
- Enterprise policy is an important element of economic strategy to drive productivity through creative destruction at a firm level, foster scale-up and stimulate exports.
 - The design and focus of economic strategy should be directly informed by a clear understanding of enterprise-level strengths.
 - A sharp focus on the materiality of impact is important and policy needs to build a balanced portfolio of firms which all make a contribution to economic performance.
10. Alan McGregor’s report explored education and skills policies and agency structure in ten small countries. Main points highlighted include:
- Increasing the skills of the low skilled is critically important for regional growth.
 - Providing more people with high levels of skills and qualifications only drives up productivity if skills are effectively used by employers.
 - Understanding the rates of return at Scottish level on public investment in enterprise, education and skills could usefully inform decisions on appropriate resource allocation.
 - Enhancing Scottish Labour Market Intelligence would build a strong focus on current and prospective shortages and skills needs.

Two Phase Approach

11. On 15 September 2016, and in light of stakeholder’s high levels engagement with the Call for Evidence, Ministers announced the Review would be taken forward through a phased approach. The EU Referendum result has affected the context since the start of the Review, and the two stage approach allows time to fully take account of the impact of these changed circumstances.

12. The first phase will conclude shortly and set out key recommendations for change across a number of areas as well as outlining a timeframe for phase two. The implementation of the recommendations from phase one will be explored in more detail with partners throughout phase two. Phase two will include exploring the regional dimension in greater depth, with Ministers clear that any long-term approach must take account of the needs of all areas across Scotland.