

Enterprise and Skills Review

Phase 2 Programme and Projects

This paper summarises the overall work programme and process for phase 2 of the Enterprise and Skills Review and the individual projects which will form part of this programme. A programme and project management approach is in place to lead and coordinate Phase 2 work which will focus on implementing the decisions set out in Phase 1.

The Review will continue to be led by Cabinet Secretary for Economy, Jobs and Fair Work on behalf of the Scottish Government, supported and informed by other Ministers who have an interest, and engaging with the key agencies, stakeholders and users, particularly drawing on the expertise of the Ministerial Review Group, whose membership has now been augmented by agency Chairs for Phase 2.

A programme office is responsible for leading and monitoring overall progress in delivering the Phase 2 work and ensuring clear, consistent communication both with external stakeholders and across individual projects. Phase 2 of the Review began on 1 November 2016 and is expected to last six months with the final decisions likely to set out a programme of work to be undertaken over the lifetime of the parliament.

The scope of individual Phase 2 projects is being finalised and involves close working with the agencies as well as broader stakeholder engagement. Outlined below is a draft summary of the projects comprising the overall phase 2 programme of work although the detail on each project is being finalised.

1. Governance

The aim of this workstream is to enhance the governance of Scotland's enterprise and skills system to deliver a step-change in economic performance. This will involve the creation of an overarching, strategic board for Scotland's enterprise and skills agencies to drive hard alignment of services and strategic goals to tackle Scotland's long-term economic challenges and deliver on all 4 pillars of Scotland's Economic Strategy. This should result in greater, more effective support for businesses and users of the skills system. The Board should utilise a strong industry and wider stakeholder voice to help shape our collective impact and effectiveness in transforming productivity, driving a step change in the performance of our economy, and delivering strong, vibrant and inclusive growth at scale.

The First Minister and Cabinet Secretary for Economy, Jobs and Fair Work are on record as praising on many occasions the great work that HIE does and this Government's determination to support it to continue to do that work. Ministers have provided assurances that HIE will remain firmly in place at the heart of the Highlands and Islands economy and have committed to maintaining the dedicated support that is locally based, managed and directed by HIE. Similarly ministers have also assured that the university sector will continue to be an autonomous sector and is able to exercise the same academic independence that it has today.

Prof Lorne Crerar was tasked to lead initial discussions with other Agency Chairs and wider interests to set out a paper on the principles and potential outline structure for Strategic Board. Prof Crerar has identified 4 Key principles:-

- **Improve the overall performance** of the economy by ensuring that the whole Enterprise and Skills System delivers Scotland's Economic Strategy and

supporting strategies, in all parts of Scotland.

- Through **collective responsibility** ensure hard alignment between Agencies to drive improvement in Scottish productivity and better support business and users of the skills system.
- Hold Agencies to account for **performance** against agreed measures, both collectively and individually through new, formal lines of accountability.
- To **actively engage** with other agencies and bodies who support the economy with a view to increasing alignment and challenging others where collaboration is not happening.

Prof Crerar proposals would see the Strategic Board achieving these aims by

- Developing collective priorities through the creation of a **single Strategic Plan** which will set out how the Agencies will work collaboratively to deliver the economic strategy and establish a common performance and measurement framework. (Agencies would still develop annual Operating Plans which would set out how they contribute to the delivery of the aims in the Strategic Plan).
- Advising and informing Ministers each year on how **budgets** align with proposed strategic direction.
- Delivering a "Team Scotland" approach which influences **operational cultures** to embed collaboration as a core objective of all Agencies.
- **Engaging with stakeholders** to understand the challenges facing them and the markets they serve.

The paper produced by Professor Lorne Crerar will be discussed at the next meeting of the Ministerial Review Group on 23 February and Scottish Ministers will review how these proposals may be best adopted to deliver our vision for Scotland to be among the top OECD nations for productivity, equality, sustainability and wellbeing.

2. Data and evaluation

The aim of this project will be to create an enhanced analytical function which will make best use of the analytical resources across the 4 agencies and those of the Scottish Government to help provide strategic evidence to make effective decisions to improve the outcomes of the Enterprise and Skills system. The improved analytical resources will also be used to improve local intelligence for local decision making. The project will work closely with the Governance, SFC/SDS Alignment and Regional Partnership projects to further improve National and local labour market information.

3. Regional partnerships

This project considers how regional partnerships can stimulate local economies and build inclusive growth. The Scottish Government will work with COSLA, local authorities, the agencies, the private sector and other key stakeholders to build on emerging regional partnerships, identifying opportunities across coherent economic geographies based on the current work being undertaken in the Ayrshire Pathfinder.

4. South of Scotland enterprise and skills vehicle

This project is focused on the establishment of a new vehicle for the South of Scotland to ensure that the enterprise and skills needs of the South of Scotland are effectively met. It will benefit learners, businesses and communities in the area and contribute to increased productivity and sustainable inclusive economic growth ensuring that the region is able to meet its potential.

5. International

The purpose of this project is to increase focus on co-ordination of international economic activity across the public sector alongside our independent academic sector. It will also draw in private sector organisations involved in international economic activity and look at the role of SDI and how this may fit with wider governance.

6. Enterprise and Business Support

This project will seek to ensure that Scotland benefits from an optimised system of enterprise support that is designed around, and able to adapt and grow with, the needs of businesses so that they can improve products, services and processes, develop and/or increase export capacity, and attract investment. This will result in increased productivity and capacity to thrive and grow, thereby improving Scotland's inclusive economic growth. This will look at the interaction between private sector support and the public sector offering including Business Gateway.

7. Innovation support

The review will map and analyse the innovation support ecosystem in Scotland, covering all innovation activities and gather evidence on how well it helps businesses to innovate. This evidence will then be used as the basis for recommendations of actions which the system can take to improve business innovation levels.

8. Skills alignment

The purpose of this project is to improve the alignment of services supporting the development of skills in Scotland. In particular, this will involve working with the SFC and SDS to improve alignment of their functions to enhance planning of further and higher education and skills and to provide better outcomes for learners and employers. It will also consider the effectiveness of our investment in further and higher education and skills to ensure we have the right balance of provision across age groups.

9. Learner Journey

The purpose of this programme is to review education provision for all 15-24 year olds so their learning journey is as efficient and effective as possible and provides stepping stones to success for those needing most support. This can also provide clearer routes for learners into employment or further study and to maximise its contribution to productivity and inclusive growth.