

Paper – Key Areas of Focus

1. Outlining the Strategic Plan

The immediate priority for the Strategic Board once it is convened will be the development of a Strategic plan and a measurement and performance framework which will underpin that plan. The Implementation Board will therefore develop an outline for the Strategic Plan, and associated performance framework, for the Strategic Board to consider once it is established.

The Strategic Plan – which will be agreed with Scottish Ministers – will lay down the agreed areas of collective focus for the agencies, and their roadmap for boosting inclusive growth and particularly productivity but also with a view to the wider aims of the Enterprise & Skills Review concerning equality, well-being and sustainability. Central to the success of the Plan will be a whole-system approach, supporting the agencies to work openly and collaboratively with each other at all levels.

The Strategic Plan will implement the transformation required to meet the aims of the Review. The Plan will do this by setting out the measures that will meet the Strategic Board's aims, which are to:

- 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.
- 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.
- To deliver wider collective leadership, based on common culture and values, and which inspires and empowers delivery.

To deliver meaningful change, the Chairs of the agencies, working through the Strategic Board, will be instrumental in the development of the Strategic Plan and the common performance and measurement framework that will support it.

The Strategic Plan will be developed in tandem with the Performance Management Framework, shared by each of the agencies, reflected in their own individual outcomes, and measured through performance monitoring and evaluation.

The Strategic Plan is expected to be published/presented to the Scottish Parliament.

Initial Considerations for the Implementation Board:

- *What are the key priorities (or process to identify key priorities)?*
- *What do we want the Plan to look like when SB comes into being?*

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- *How should agencies be accountable to the Strategic Plan?*
- *How can the Strategic Plan deliver a step change in collaboration and a system-based approach?*

2. Supporting Governance and Advice for the Strategic Board

The Implementation Board will need to consider the best means to equip the Strategic Board to achieve its objectives through both supporting governance (such as a small number of Strategic Committees) and advice.

Strategic Committees

In support of the aims of the Strategic Board, it is proposed that Strategic Committees will be established to drive forward key priorities, bringing together the agencies with wider interests to promote collaborative delivery.

To maximise efficiency, where appropriate these could utilise existing or re-purposed fora to act as Strategic Committees in preference to developing new groupings.

Based on the Phase 2 outputs, it seems likely that the following Strategic Committees might emerge:

1. Skills
2. Innovation
3. Enterprise and Business Support
4. International
5. Investment
6. Data and Evidence

A model has not yet been proposed for what the Strategic Committee structure should look like. Strategic Committees should align with the strategic priorities set out in the Strategic Plan which is to be developed. The suggested committees above correspond with the drivers set out in the E&S Review Phase 2 report and offer a coherent framework through which to drive forward productivity growth.

One consideration is whether a key member of the Strategic Board should ultimately be selected to lead on each of the Strategic Committees, with support/secretariat coming from the Scottish Government's Programme Management Team and later the secretariat supporting the Strategic Board. Committee membership should be considered from business and skills interests, agency board members and officials and SG policy officials – to be determined.

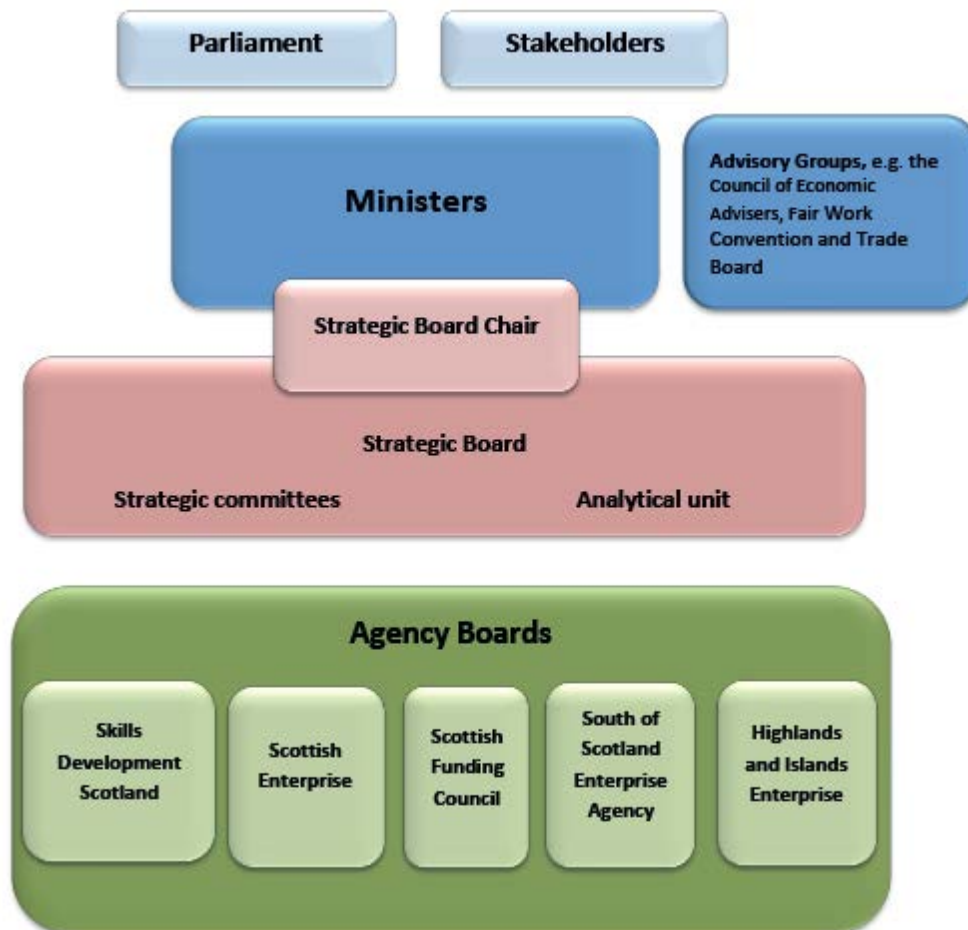
A remit/ToR will be developed for the committees that highlights their role, membership and meeting frequency, etc. The main focus for each would be the delivery of the strategic priorities to be included in the first strategic plan for the SB (alongside the performance framework and associated measures as they are developed).

Broader Governance and Ways of Working

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There is a need to agree the structure, accountability and reporting arrangements for the governance supporting the Strategic Board, including guidance on how the agencies will work together, and on their roles and responsibilities. The diagram below shows the position of the Strategic Board and its wider advice and governance network.

The Implementation Board will wish to consider how various advisory groups, such as the Council of Economic Advisers, the Fair Work Convention and the Trade Board can best feed into to inform the decision-making of the Strategic Board.



Initial Considerations for the Implementation Board:

- *What should the advice and governance structure of the Strategic Board look like?*
- *Consider the need for a Strategic Committee steer for each of the above projects.*
- *What should the structure, and role and remit of Strategic Committees, look like?*
- *What needs to be done to implement the Committees?*

3. Analytical Unit and Performance Framework

One of the actions arising from Phase 2 of the Enterprise and Skills Review is the creation of an analytical unit to provide a focus for analytical activity in support of the Strategic Board

This is to be taken forward by appointing a head to lead the new analytical unit, who will act as a figurehead and will work with agency partners to determine its final size and structure. The head of the analytical unit should in principle attend every meeting of the board and have the right to contribute to its discussions with respect to the available evidence.

The need for analytical capacity to remain at agency level is recognised, with the new analytical unit to work on the principle that it can draw on the resources and expertise of the four agencies and Scottish Government.

The unit head will work with the appropriate senior analytical leads of the Agencies to help coordinate analysis across the enterprise and skills system. A shared analytical plan will set out the activity to be undertaken both individually and collectively. This should flow from the shared outcomes and priorities set by the Strategic Board.

The final size and structure of the unit will be determined by the unit head in consultation with agency partners and based on further consideration of the unit's operations, and the Strategic Board's requirements.

The analytical unit will initially be based within the Scottish Government linked to the Office of the Chief Economic Advisor and reporting to the Strategic Board.

The development of a Common Performance Management Framework sits alongside the development of the Strategic Plan – identifying a set of outcomes that is shared by each of the agencies, is reflected in their own individual outcomes, and can be measured through performance monitoring and evaluation. The analytical Unit will play a critical role in supporting the development of the Common Performance Management Framework.

The review agreed a set of agreed principles for the analytical unit and its interaction with the Strategic Board including a commitment to independence, openness and transparency in consulting widely on the workplan of the unit and publishing the results of its activities to ensure there is a shared evidence base for wider stakeholders.

Assembling a high quality team and quickly launching a programme of analytical work will be challenging - requiring commitment from Scottish Government and the agencies. The cross agency group responsible for developing this workstream have already identified a number of specific actions which could be taken forward to drive

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improvements in analysis across the system and consultation has indicated that improvements in the use of management information should be a priority for the unit.

Initial Considerations for the Implementation Board:

- *What should the initial priorities for the analytical unit be?*
- *How can this work be resourced in the immediate term?*
- *How should the unit be resourced in the longer term?*

4. Preparing for the new South of Scotland Enterprise Agency (SOSEA)

The vision for the SOSEA is that it will drive inclusive growth, increase competitiveness and tackle inequality in the area through:

- Maximising the area's contribution to Scotland's inclusive growth, supporting a diverse and resilient economy.
- Sustaining and growing communities – building and strengthening communities with joined up economic and community support.
- Capitalising on people and resources – developing skills, promoting assets and resources and maximising the impact of investment in the area.

Its success will require a long-term commitment from partners to work together to address the deep-rooted challenges of the area and to ensure that all can meet their potential.

Creating a new public body will require the Scottish Parliament to support primary legislation and a bill will be brought forward in 2018 as part of the SG legislative programme. This will ensure that the SOSEA will be fully operational from the beginning of the 2020 financial year. During this period work will be done to agree the agency's role and remit and its organisational structure including its corporate systems, staffing complement and geographic location.

There will need to be clear prioritisation and innovative thinking about financing, and a drive to ensure current resources being used in the area are aligned to deliver maximum benefit. However, the organisation will need to be supported by additional resources to broaden business support, deliver community growth, strengthen the area's infrastructure and have an increased on-the-ground presence in the area.

Ministers have made clear the need for interim arrangements to ensure that the South of Scotland benefits from a new tailored approach as soon as is possible. The intention is to ensure that interim arrangements are developed and in place later this year.

Interim arrangements should deliver benefit quickly and support the ultimate goal of a new agency. Those arrangements could take the form of a new partnership, an interim company or be delivered through an existing agency in preparation for the statutory organisation.

The interim arrangements must be developed in partnership with organisations already operating in the South of Scotland and with stakeholders in the area. Agreeing a structure quickly will ensure a focus on delivery and ensuring the South of Scotland benefits. Once the structure for the interim arrangements is agreed, agreeing what it will deliver in terms of existing and additional activity and how those arrangements will be supported is key. These will build on the support and resources already in the area.

Initial Considerations for the Implementation Board:

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- *First steps – What is the most effective structure for interim arrangements and what will be needed to support them (including resources, staffing)?*
- *What is the Implementation Board's role in overseeing:*
 - *Development and implementation of project plan delivered by project director supported by an implementation team working across partners to an agreed work programme to deliver the interim arrangements;*
 - *Engagement with organisations and stakeholders across the area to agree the structure with an agreed engagement plan*
 - *Timeline for putting in place interim arrangements, with a focus on what needs to be done immediately recognising that fully implementing the arrangements will take time*
 - *Identification of existing resources delivering economic development support in the South of Scotland ensuring that they are aligned and support the new interim arrangements?*