

## Strategic Board Planning Process

### Background

As agreed at the Implementation Board meeting of July 31<sup>st</sup> this note sets out a possible timeline and process to support the development of a Strategic Plan by the Strategic Board.

### The planning cycle

The proposed planning cycle is presented in two diagrams. The first of these outlines a possible timescale and steps required for the production of a Strategic Plan between October 2017 and June 2018. The second diagram outlines a proposed annual review process for subsequent years.

The proposed timeline is broadly aligned with the planning cycles of Government and agencies, and reflects a number of important working assumptions:

- An initial induction process for Strategic Board members to develop a shared vision and understanding of the enterprise and skills landscape in Scotland.
- A continuous and planned programme of engagement with agencies, delivery partners, businesses, and other representatives of users of the enterprise and skills system, throughout the planning cycle.
- The production of an overview of the economic environment and an assessment of how Scotland performs, by the new Analytical Unit. This will draw on the evidence of key opportunities and challenges and the response required from Scotland's enterprise and skills players.
- An annual, all-day meeting of the Strategic Board ("Conference"), in December, where the content of the Strategic Plan is discussed and agreed – including the key priorities and areas of collaboration.
- The plan will inform and advise the wider planning cycles influencing the enterprise and skills system e.g. The Programme for Government or Strategic Guidance from Ministers to agencies.
- Publication of the Strategic Plan in June 2018.

A key assumption is that the Strategic Plan will need to reflect the longer-term nature of the challenge and therefore **a five-year planning horizon** is proposed, with provision for a significant "mid-term" review of progress in year three.

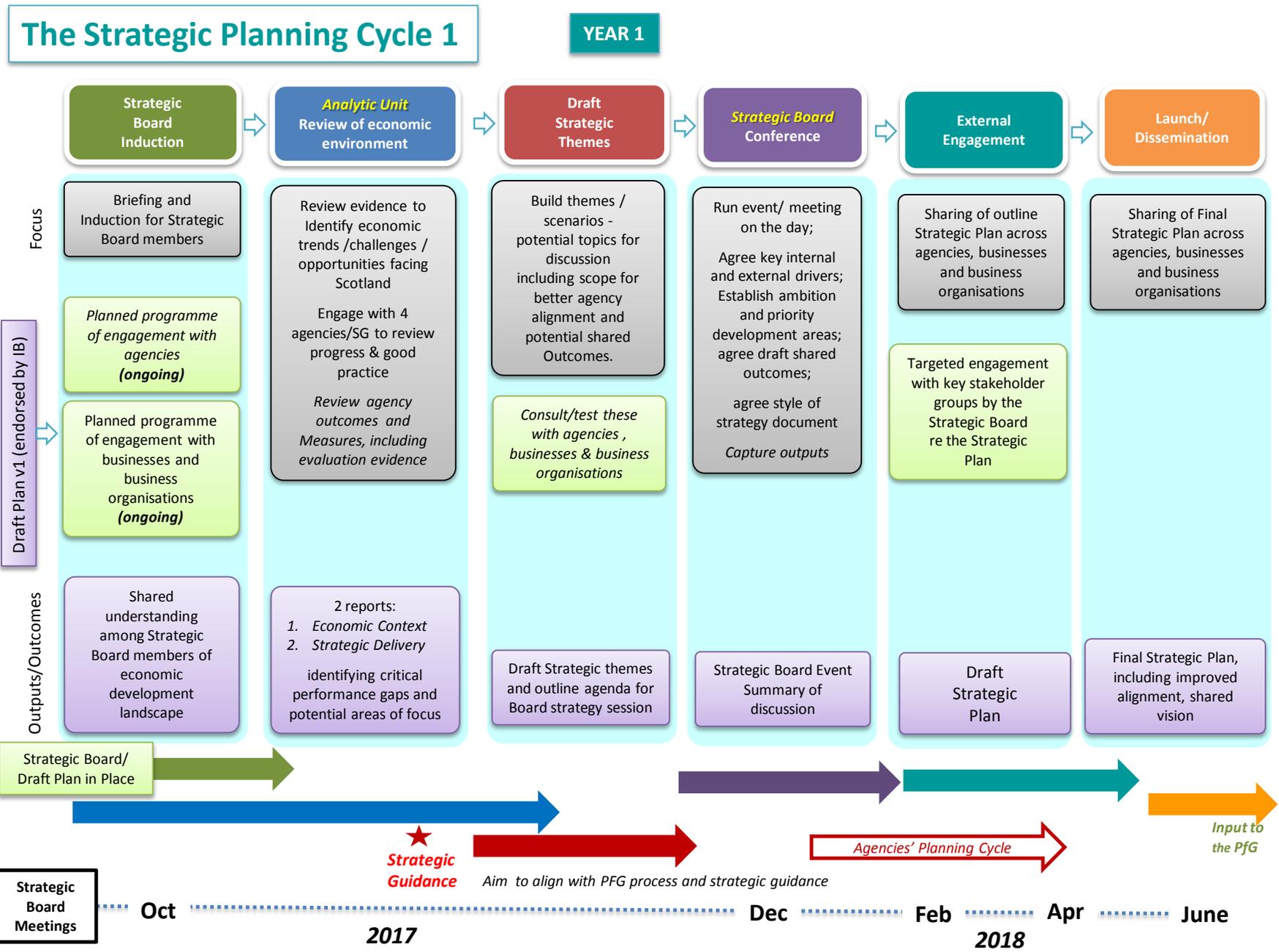
It is proposed that annual updates of the plan are produced, reflecting progress made against prioritised actions and based on an updated economic analysis of Scotland's competitiveness. This will enable the plan to take account of key issues emerging from Government and the changing economic context while remaining focused on the longer term goal.

### Conclusion

Members are invited to comment on the proposed planning cycle, and in particular the assumptions made over the timeframe, analysis, milestones and the ongoing engagement with stakeholders.

### Strategic Plan Short Life Group

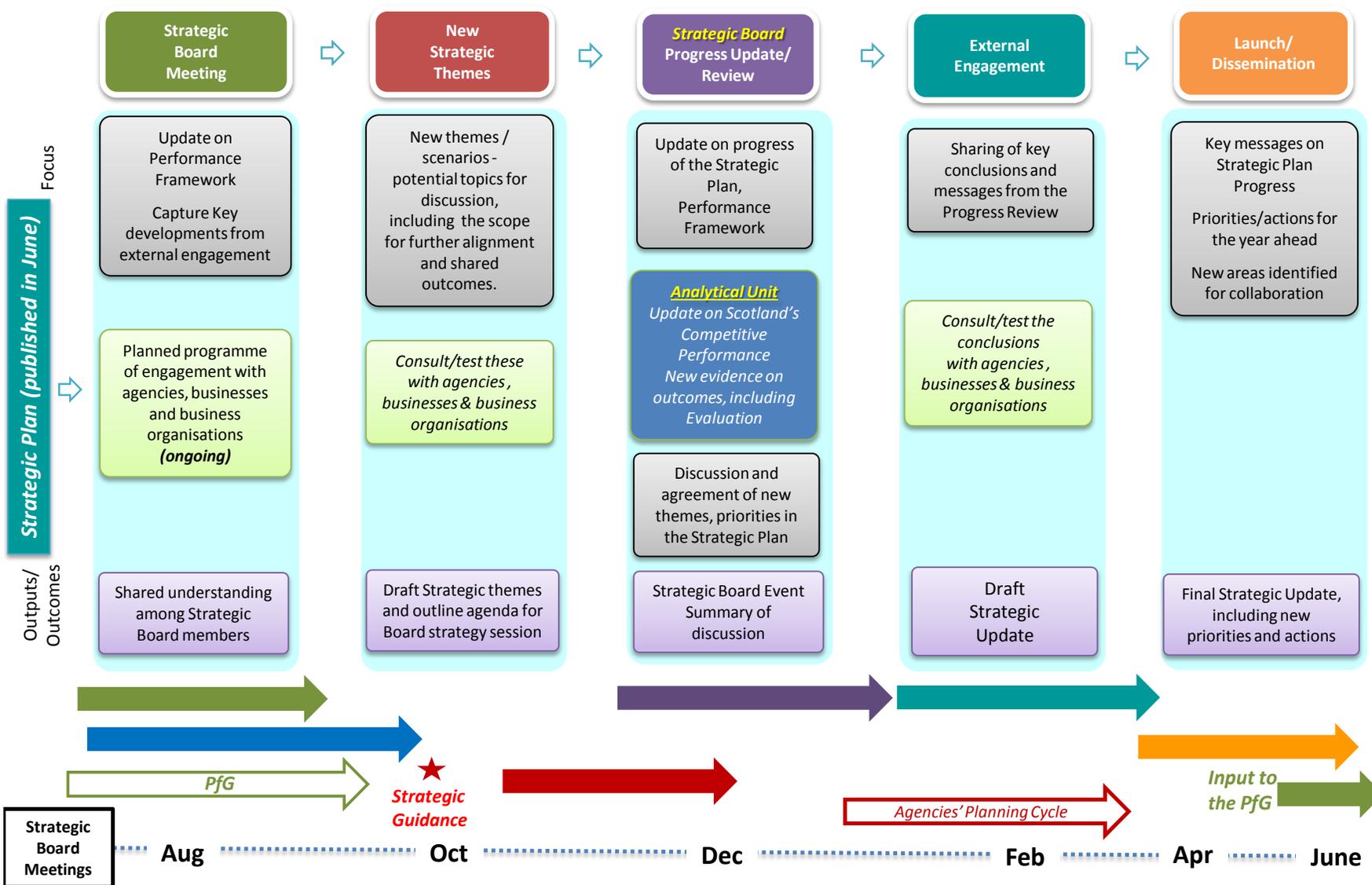
23<sup>rd</sup> August 2017



# The Strategic Planning Cycle 2

ANNUAL

2018: *Plan Published*  
 2019: Yr 1 Review  
 2020: Yr 2 Review  
 2021: Mid-term Review/Update  
 2022: Preparing the next plan  
 2023: *New Plan*



## DRAFT INTERIM PLAN - Progress Report

### Background

Since the July meeting of the Implementation Board, considerable progress has been made to further develop the framework of the Interim Plan. This progress has been guided by the advice and input received at the Implementation Board and the discussions at the recent Steering Group meeting. The steering group includes members of the Implementation Board working alongside senior staff from the agencies and Scottish Government.

### The Interim Plan

In producing this updated Interim Plan the steering group have built on the earlier work and have agreed the scope and purpose of the Interim Plan, its strategic direction and focus and anticipated outcomes. The group have also begun to flesh out potential collaborative actions.

The attached Interim Plan is also based on the following agreed assumptions:

- The strategic direction of the plan is set by Scotland's Economic Strategy and the emerging Inclusive Growth Framework.
- The interim plan will focus on what can be influenced and driven forward now, primarily the collaborative work of the 4 agencies and their contribution to developing a **dynamic, inclusive, globally competitive economy** and a **high performing, inclusive labour market**. This will ensure the Strategic Board has the space to own and develop more fully the Strategic Plan, working and co-creating it with partners.
- The interim plan will make a start on enhanced and new collaboration, avoiding a hiatus before the Strategic Board and Plan is in place.

Work on the Interim Plan is closely connected to progress in other workstreams specifically the governance structure and the performance framework. In particular, the shape of the Interim Plan will help inform how success will be measured through the performance framework.

### Conclusion

The Implementation Board is asked to note the progress made and endorse this direction of travel.

We would also welcome comment on two areas of the Plan's development:

1. The Interim Plan framework presented in slides 6 and 7 propose that the plan aims to develop a more **dynamic, inclusive, globally competitive economy** and a **high performing, inclusive labour market**. We would welcome the Implementations Board's endorsement of this approach.
2. The actions outlined in the Interim Plan are drawn from the Phase 2 Review. This is to ensure progress is made on these actions, and also reflects the limited time available so far

to engage around potentially more transformational actions. We welcome thoughts on any significant actions that have emerged since the phase 2 report that should be included too.

**Strategic Plan Short Life Group**

**23<sup>rd</sup> August 2017**

# Draft Interim Plan

Strategic Plan Short Life Group  
Work-in-progress  
Implementation Board  
30 August 2017

1. Purpose & Scope of the Plan
2. Scale of the Challenge
3. Strategic Direction & Focus
4. Outcomes
5. Selected Agency Actions
6. How we Work
7. How we Measure Progress Towards Success

It is recommended the **Implementation Board** provides the **Strategic Board** with:

- advice on **the shape and focus of the Strategic Plan**
- **a strategic planning process** to develop the content of the Strategic Plan
- **an Interim Plan** for the Strategic Board's approval to drive forward collaborative actions now whilst the strategic plan is being developed.

This paper reflects thinking on **what can be influenced and positively driven forward at this stage, primarily the work of the four existing agencies (incorporating South of Scotland agency as it comes on stream)**. It recognises the critical importance of agencies working alongside partners at the local, regional and national levels.

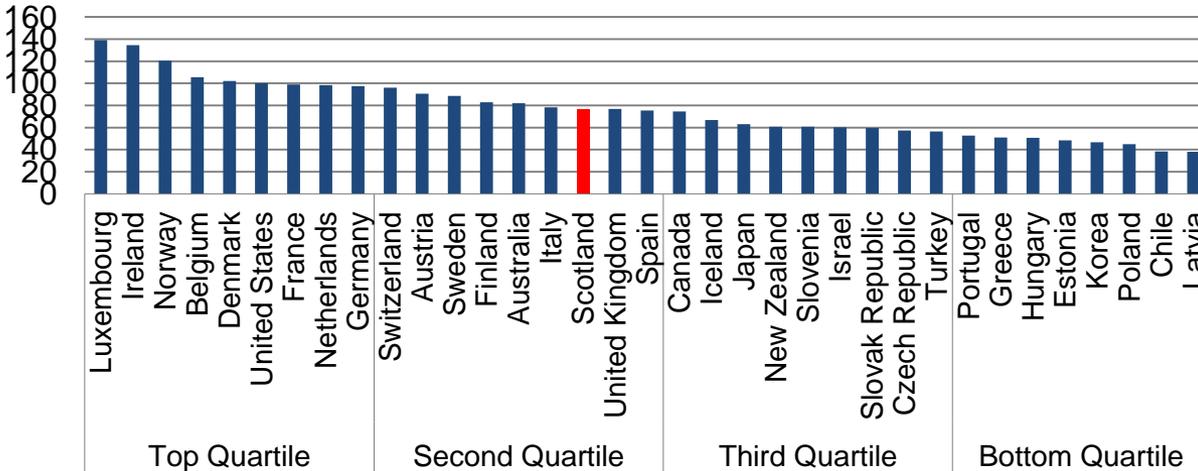
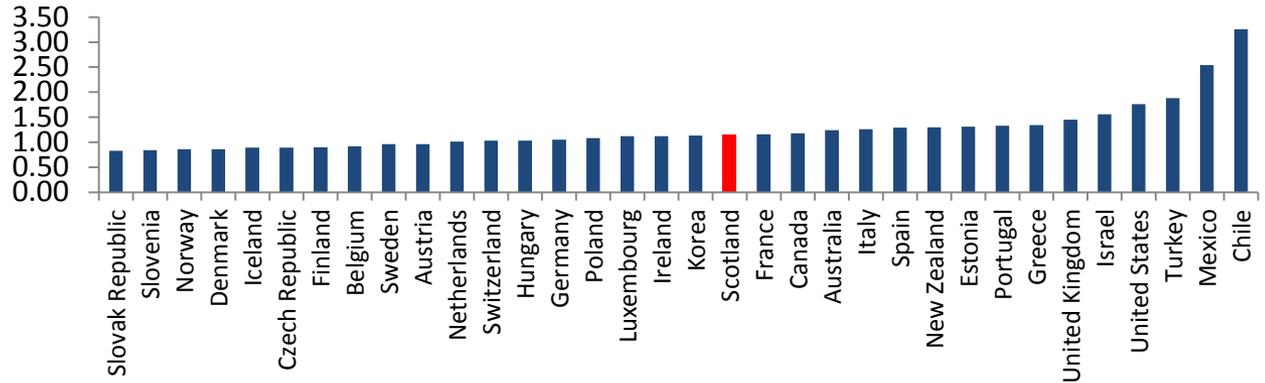
The Interim plan will **make a start on key actions**, avoiding a hiatus before the Strategic Board has the opportunity to develop a fully developed Strategic Plan it can own and drive. Given the significant challenges in delivering inclusive economic growth, it is likely the horizon of the Strategic Plan will be significantly longer – perhaps 15 to 20 years – with a regular review and updating cycle.

The Interim plan focuses on **where enhanced and new collaboration can make a significant difference** to inclusive economic growth in Scotland. The plan highlights a small number of critical activities of the individual agencies and is seen as the **bridge between Scotland's Economic Strategy and the agency operating plans**, but does not duplicate their content.

While a performance framework is under development, it is important from the outset to understand the scale of the challenge. Increasing Scotland’s level and quality of inclusive growth to make Scotland a high performing economy and labour market, requires a significant improvement in the country’s performance in the twin goals of increasing competitiveness and reducing inequality. The scale of the task will require a long-term commitment. Work is underway to build the evidence base that will enable the Strategic Board to make informed choices about tackling Scotland’s performance gaps. This work will be continued by the Analytical Unit.

### Inequality:

In terms of the Palma ratio, Scotland would rank 19<sup>th</sup> out of the OECD countries for income inequality.



### Productivity:

Scotland is currently ranked 16<sup>th</sup> out of OECD countries when measured by GDP per hour worked.

To reach the top quartile, Scotland’s productivity would need to rise by 27%, an increase in GDP of £10 per hour, equivalent to around £40billion of additional GDP in the Scottish economy.

The overall **strategic direction** is set by **Scotland's Economic Strategy** (along with the key strategies such as the Labour Market Strategy and the Trade & Investment Strategy) and the developing **Inclusive Growth Framework**.

The **focus** is also directly influenced by the **Enterprise & Skills Review**, specifically those elements of SES and Inclusive Growth Framework where the enterprise and skills agencies have direct influence. In particular, it is recommended the plan has at its core twin interconnected aspirations to help create:

- **A dynamic, inclusive, globally competitive economy**
- **A high performing, inclusive labour market**

As set out below, each collaborative action in the Interim Plan sets out to boost growth *and* make that growth inclusive.

*Vision: To make Scotland a more successful country, with opportunities for all to flourish, through increasing sustainable economic growth*  
Long-term goal: “Scotland to rank amongst the *top quartile* of OECD countries for *productivity, equality & wellbeing and sustainability*”

...working within the strategic frame provided by:

Increasing Competitiveness

SCOTLAND'S ECONOMIC STRATEGY  
(and related SG Strategies)

Reducing Inequality

NATIONAL PERFORMANCE FRAMEWORK

INCLUSIVE GROWTH FRAMEWORK

...focused on the enterprise and skills systems, to achieve:

**Dynamic, inclusive, globally competitive economy**

Providing high quality jobs and labour market demand

**High performing, inclusive labour market**

Providing better access to jobs, higher earnings and supplying the people and skills the economy requires

Shaped by the *Drivers of Productivity and Growth*, set out in the Phase 2 Report:

SKILLS

INNOVATION

INVESTMENT

INTERNATION -  
ALISATION

ENTERPRISE

The plan will set out actions to address these drivers in a way that promotes fair work, tackles inequalities across Scotland and generates long term sustainable growth:

FAIR WORK

PEOPLE

PLACE/ REGIONAL

SUSTAINABLE &  
RESOURCE  
EFFICIENT

## Strategic Direction & Focus: Ensuring Inclusive Growth drives the Plan

To ensure the **Strategic Plan** focuses on achieving **inclusive economic growth**, the **Inclusive Growth Framework** will, alongside Scotland's Economic Strategy, set the strategic direction for the plan. This will be achieved by ensuring the actions set out in the plan contribute to one or more of the factors that are described below:

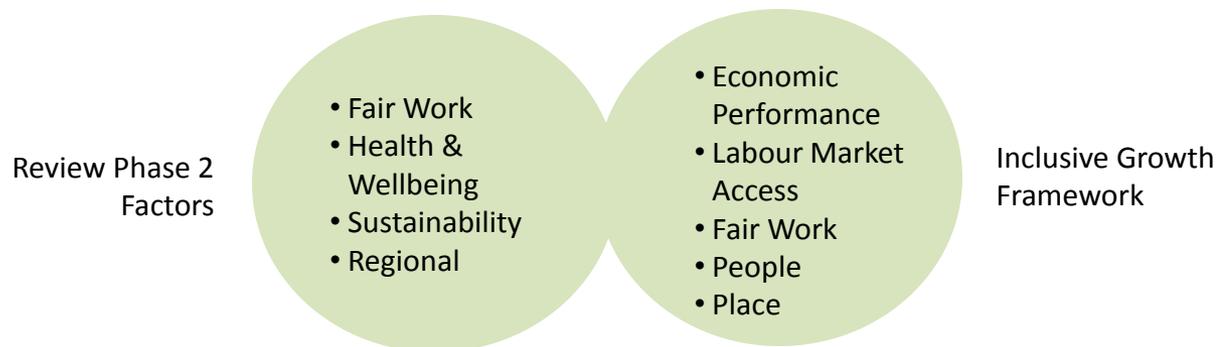
**Fair Work:** Ensuring actions in the plan consider the quality of employment, in pursuit of fulfilling, secure and well paid jobs, where employees' contributions are encouraged, respected and valued

**People:** Ensuring actions contribute to economic benefits & opportunities being spread more widely across the population, with lower poverty levels & more equal income & wealth distribution

**Place/Regional:** Ensuring actions help create more economic opportunities across cities, towns, regions & rural areas, ensuring sustainable communities

**Sustainable & Resource Efficient:** Ensuring actions maximise the positive economic effect of transitioning to a more resource efficient, lower carbon economy.

These 4 factors are drawn from the Review's Phase 2 report and the Inclusive Growth Framework, using wording lifted directly from the IG Framework, as used in the application of the IG Diagnostic in areas including North Ayrshire and South of Scotland:



In the 4 factors proposed:

- "Health & Wellbeing" is included within "People"
- "Labour Market Access" is included within the "Skills" productivity driver
- "Economic performance" is included within the 5 productivity drivers

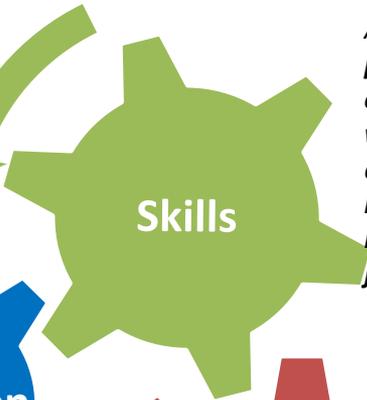
# Economic Outcomes

To achieve the ultimate goal of increased **prosperity and wellbeing** for Scotland's people, the plan needs to make a long-term impact on productivity, equality and sustainability. Progress towards this impact will be **guided by the outcomes set out here.**

*A skilled, productive and engaged workforce that can access higher quality, higher wage jobs*



*Increased growth and productivity through higher levels of business innovation and R&D*  
*Stronger engagement between research and industry*



*Economic benefits and opportunities are spread more widely across Scotland's population, with lower poverty levels and more equal income and wealth distribution.*

*More economic opportunities across Scotland's cities, towns and regions and rural areas, ensuring sustainable communities.*



*Fair and progressive workplace practices.*

*Maximising positive economic effect of transitioning to a more resource efficient, lower carbon economy.*



*Increased business investment*  
*Infrastructure investment to support the development of key growth opportunities*  
*Increased inward investment*  
*More investment in digital infrastructure and connectivity*



*More new exporting businesses and increased levels of exports*



*Broader internationalisation*



*More businesses led by under represented groups*

*More businesses in Scotland with higher growth ambitions*

*More entrepreneurs starting up high growth ventures*

It is proposed that the Strategic Plan also includes a small number of actions from the individual agencies' operating plans that are critical to impacting on competitiveness and equality. These actions are still to be identified, but are likely to include those interventions that are either significant investments and/or expected to generate a high impact.

## How We Work

This section will identify the enablers which need to be harnessed and barriers which need to be removed to allow the agencies and SG to work together more effectively. Early thinking suggests these will include:

- Improved digital services and data sharing
- Cross-agency induction, skills development and CPD
- Greater use of virtual teams and staff flexibility between organisations
- Joint approaches and capacity building in areas such as project development and delivery

New ways of working will be required with a greater emphasis on co-creation between the agencies, with SG and with wider partners.

As the longer-term Strategic Plan is developed, working with public, private, third and academic sector partners beyond the agencies and Scottish Government will be critical to address Scotland's performance gap. The role of the private sector will be vital as providers of solutions and expertise, as well as customers of the enterprise and skills systems.

This reflects the importance of areas such as education, housing, transport and competition in creating a high performing, inclusive labour market and a dynamic, inclusive globally competitive economy.

In this interim plan, many of the potential collaborative actions will require close working with others, particularly local and regional partners.

## How we Measure Progress Towards Success

A Performance Framework is being developed which will allow progress to be tracked. It will also include milestones to track progress on delivery of collaborative actions.

For individual agency actions, measures and milestones drawn from agency operating plans will be in place.

A programme of evaluation will be essential to measure impact as the plan is delivered and identify learning to allow the plan to be adjusted over its lifetime. This will be developed and overseen by the new analytical unit.