

## **Note of Strategic Board Meeting – Tuesday 19<sup>th</sup> June 2018**

### **Item 1. Introduction apologies and conflicts of interest**

The Chair introduced the meeting by:

- Advising that apologies had been received from John McClelland, Sara Carter and Poonam Gupta.
- Welcoming John Ireland (Chief Executive) and Mairi Spowage (Deputy Chief Executive) from the Scottish Fiscal Commission.
- Explaining that the original agenda had been changed due to the Cabinet Secretary for Economy, Jobs and Fair Work needing to attend urgent business elsewhere.

There were no issues raised as conflicts of interest.

### **Item 2. Chair's update**

The Chair set out that a significant engagement exercise continued, including with ministers and members of opposition parties. She highlighted that, amongst other discussions, the Cabinet Secretary for the Economy, Jobs and Fair Work had expressed enthusiasm for ongoing work around collaboration and the Board's focus on data and evidence. Ruth Davidson MSP had invited the Board (/ members thereof) to speak to her economics team as work on the Strategic Plan is progressed.

The Chair also reflected that a significant amount of positive work had happened since the advent of the Board and that this had been undertaken at pace. She drew upon the examples of the agency culture work being led by Bob Keiller, recent successes of SDS and SDI regarding apprenticeship figures and FDI stats respectively, the growing Scotland is Now brand, progress with shared IT services across the agencies, the forthcoming start of the Skills Alignment Director (11th July), proposed work around Agency Fluid Staff and the extensive engagement taken forward by Russel Griggs for the South of Scotland Economic Partnership.

- Action 1: Culture and collaboration update to be a focussed discussion at the next Board meeting

### **Item 3. Minutes of Last Meeting and Matters Arising (see Paper SB(19.06.18)(02))**

The Chair highlighted that she had sent some edits to the Secretariat that she wished to be incorporated. With that exception, the minutes were agreed.

- Action 2: Secretariat to reflect NS comments in the finalised minutes

### **Item 4. Sustainable Growth Commission Report and Scottish Fiscal Commission**

Stephen Boyle introduced a summary of his interpretation of the recent Sustainable Growth Commission (SGC), followed by a presentation on the Scottish Fiscal Commission's economic and fiscal forecasts by John Ireland and Mairi Spowage (see related papers / slides for detail).

Stephen set out that the SGC comprised of three sections:

- A. Raising the potential and performance of the Scottish economy
- B. The framework and strategy for the sustainable public finances of an independent Scotland, and
- C. Monetary Policy and Financial Regulation framework for an independent Scotland.

The Board's interest would primarily lie in Section A, which:

- Considers the performance of the Scottish economy and assesses the potential for improvement
- Draws on the experience of a benchmark group of the 12 most successful small advanced economies
- Sets out some principles for a new Scottish economic model and long term policy strategy
- Proposes a framework for a Scottish economy designed to match the performance of the benchmark small advanced economies
- Provides a series of 30 policy recommendations to support these growth aspirations now and with fuller powers.

He specifically highlighted that the report recommended all Scottish Government policy should be designed with cognisance of stated economic ambitions, that improvement of this scale would require a cross-party, national effort, and that the report was aligned with the Scotland's existing Economic Strategy and reflected the priority of productivity growth. He also reported that the report placed even greater emphasis on internationalisation than current policy and that, while it was largely silent on the Board per se, the themes of each of the Board's proposed missions were recognised.

There followed a discussion which covered the criticality of the 'productivity puzzle' (not unique to Scotland), the inherent uncertainty of economic forecasting, the importance of demographics and migration, and stagnant real wages.

The possibility of partnership working between the Board and the Fiscal Commission was discussed, including the opportunity to make greater use of data and evidence.

The point was raised about wider issues around demography and labour markets and whether this should be incorporated into the work of the Board

- Action 3: The Chair and the Secretariat to consider inviting Andrew Wilson to present in fuller detail the recommendations of the SGC to the Board at their next meeting.
- Action 4: Chair to liaise with Cab Sec to discuss potential of demography and labour issues being under remit of the Board

**Item 5. Outline Strategic Plan (see Paper SB(19.06.18)(06))**

The Chair thanked everyone for the feedback received on the first edition and asked that any further substantial or specific comments on the contents be fed back to Secretariat.

Comments around the paper included:

- The needs for further consideration of the language throughout the document (starting with the title and foreword), including awareness of the varied audience. Within this, set out clearly the Board's ambition and commitment, where existing successes have occurred (especially around collaboration already taking place), and a vision that includes a social contribution.
- Caution regarding the wording around possibilities of further structural change and careful positioning of any statement.
- Omission of reference to Fair Work, the roles of unions, rural / place dimension and entrepreneurship.
- Should be stronger on the Board's expectation from business – i.e. ambition and involvement; what type of businesses we want to see in Scotland. In parallel, ensure focus on business need – what is it that business needs from the system and what can it do itself?
- Recognition of timescales, particularly the need for longer term measures (5 year +)
- What can be achieved 1 year 1, then 2 – 5; longer term
- Recognition that this will evolve between the OSP and the final Strategic Plan, while also appreciating that this is a crucial time and important we set the right tone.

The Chair suggested that an editorial brainstorming session could help with much of the above, as the document had been written by numerous authors and required more cohesion. She summarised by stating that there is a need to re-scope in terms of content, the flow and the language used. The pace and momentum of activity and the ambition of the Board should be reflected in the document. There was a suggestion that David Gow (ex-Guardian journalist) might be considered as an option to provide editorial support.

It was agreed more work needed to be done on the visuals. It was suggested that the Scotland is Now branding approach be reflected in the design.

#### **Item 6. Missions Update (see papers SB(19.06.18)(09a) and SB(19.06.18)(09b))**

The Chair set out her proposal for a short-term Executive Steering Group in order to ensure that there was operational input to all of the missions. This would ensure coherence across the missions and ensure all opportunities for collaborative actions were identified at an early stage. The group would include each of the agency CEOs, the Board members leading each mission, the Analytical Unit and a small number of advisory staff.

The proposal was accepted. It was further agreed that the meetings would be Chaired by SB Board members in rotation.

- Action 5: The Secretariat to identify key milestones for meetings of the Executive Steering Group and arrange meetings to coincide with these.

For each of the missions, it was agreed that, as well as their economic impact, the work must also focus on the impact on wider factors such as equality and wellbeing (including both gender and place / rural issues) and sustainability.

### ***Business Creation and Growth***

Introduced by Gerry McCusker, who welcomed the evidence and data being supplied. The group have identified overlap to other areas and acknowledged that there are areas that they are yet to touch on yet (e.g. inclusive growth).

Gerry suggested there should be more focus on the obvious strengths in Scotland and creating a Scotland that will attract people.

Comments from members included:

- We have a diverse economy, including rural elements
- The Skilling Report provides good source material
- Issues regarding non-VAT registered companies being excluded from the data
- Implications of family businesses
- Structures are already in place, and we should consider how they could do more (e.g. Business Gateway etc)
- Opportunity to retain larger businesses in Scotland

### **Exporting**

Introduced by Liz Cameron, who stated that the group are adding to the list of areas to explore and that the scope will go beyond the original proposed questions. She reinforced that the work would be data-driven, drawing on robust evidence and external research. The group have decided to undertake stakeholder engagement when they have a fuller understanding of the issues, and will target a number of organisations thereafter. Separate discussions to date have focussed on the Brexit implications for the labour market.

Broader discussion included:

- The opportunity to align this work with the mission on future skills
- The need for precision of definition, both between exports and FDI, and exports to rUK and rW. On the latter, it was agreed that exports are in effect a means to an end, and that focus should be on whichever interventions have potential to make the biggest impact.
- The need for conscious collaboration – e.g. with the SG's Trade Board (Karen Betts is on both), work being done through trade envoys, the emerging UKG Export Strategy etc. Kevin Quinlan (SG) would be an important ally in making these links.
- The Board were encouraged to be unconstrained in their thinking, including considering what transformative change look like in terms of a revised system and potential impacts
- The role of universities – Universities Scotland are part of the project team.
- The scope to use e-commerce to help rural businesses into exporting.

- The opportunity for the PfG to create flexibility for the Board to continue considering many of the issues over the next two years

### **Future Skills Needs**

Audrey Cumberford led the discussions, which started by stressing the importance of demography. She highlighted the differentiation between learners and customers (business), and the importance of distinguishing between generic skills and those that are occupation-specific. The team proposed to undertake analysis on the performance of current skills interventions, the expected impact of Industry 4.0 and were also looking at the appropriate role / responsibility for each of the state, employers and individuals.

Group discussion included:

- The opportunities of vocational education, especially when done in partnership with industry.
- The large volume of ideas being proposed, and the need to take a pragmatic approach by narrowing focus to a manageable chunk,
- Recognition of time-dynamics, and the possibility of flattening the peaks and troughs of labour demand.
- The possibility of making SG support conditional upon e.g. apprenticeships.
- The impact of Brexit on the labour supply, and how to make the system resilient and future proofed.
- The need to consider the work of the DYW programme.

### **Business Models and Workplace Innovation**

Scott McLarty led the discussions, included noting the title change from the original version. He was positive about the brief provided to the group and set out that they are engaging with e.g. Patricia Findlay from Strathclyde University and Hugh Aitken (ex CBI Scotland). The team are drawing on an initial literature review, including sources such as the UKG Industrial Strategy call for evidence and a range of SDS' existing work

Group discussion included:

The option to engage with a representative of a social enterprise also (Alistair Sims was mentioned). Similarly, whether David Watt (IOD) or Dave Tucker (GSK) might have a valuable contribution to make.

Links to the work of the 17 ILGs, including creative industries  
SOLACE enthusiasm to be involved

- Action 6: Bob Keiller to link the group to the ILG network

### **Item 7. Comms & Engagement Plan**

The Chair informed the Board that the cross-agency Comms Group has been convened and is working on:

- Consistent messaging for Board and agency communications
- A comms plan with a timeline for the next few months
- Approach to launching the OSP

On the latter, she set out that this would:

- Take the form of an electronic document only
- Be hosted on the current Strategic Board website
- Have a page and link on the agency pages
- Be circulated via a targeted email communication to a defined stakeholder list
- Be accompanied by a video on YouTube of a short intro from herself
- Not have a formal news release from SG. Secretariat to liaise with SG comms to see if they are issuing a release pointing media to its availability on the website

In addition, a narrative and Q&A for members would be circulated in advance of publication.

The proposals were endorsed by the Board.

#### **Item 8. Analytical Unit Proposed Work Programme and Resource**

Stephen Boyle introduced this verbally, and set out the conclusions of his resourcing discussions with the SG and agencies. Stephen intimated that he was content with this solution for this year provided that all commitments were delivered upon, but also highlighted the need for the Analytical Unit to have a clear and standalone budget line for 2019/20 onwards.

The Board agreed in full to the proposals.

Action for Chair to liaise with Cab Sec to discuss on-going sustainable funding

#### **Item 9. AOB**

The dates of the next Board meetings were noted

The Chair thanked members for their input and closed the meeting.