

Meeting Note - Strategic Board 13 May 2020 - Conference Call

Attendees:

Members: Nora Senior (Chair), Scott McLarty (Vice Chair), Caroline Barelle, Mike Cantlay, Liz Cameron, Sara Carter, Simon Cotton, Audrey Cumberland, Alistair Dodds, Russel Griggs, Steven Heddle, Gerry McCusker, Melinda Matthews-Clarkson, Alison Milne, Frank Mitchell, Gillian Murray, Grahame Smith and Lord Smith of Kelvin.

Other attendees:

Stephen Boyle (Adviser to Chair), Kersti Berge (SG), Chris Brodie (SDS), Carroll Buxton (HIE), Liz Ditchburn (SG), Steve Dunlop (SE), Lorna Gibbs (SG), Oonagh Gil (SG), Gary Gillespie (SG), Nick Halfhide (SoSE), Benny Higgins, Uzma Khan (SG), Stuart King (AU/Sec), Jo-anne Lawson (Sec), Mary McAllan (SG), Richard Murray (AU/Sec), Linda Murray (SE), Charlie Smith (SE), Karen Watt (SFC), Maggie Whiteman (SDS), David Wilson, Damien Yeates (SDS).

Apologies:

Poonam Gupta, Kevin Quinlan.

Welcome and Minutes from the Previous Meeting - SB (13.05.20) (01b)

The Chair welcomed everyone to the call and went through some housekeeping items including the ground rules for participating on the call. The Board was asked to agree the previous minutes with a request for any comments to be made via correspondence to the Secretariat.

Item 1. Introduction from the Chair

The Chair began the meeting with a recognition of the importance of holding this additional call before the next scheduled meeting given the fluidity of the COVID-19 crisis. The format of today's meeting would focus on Members receiving updates from the Scottish Government and the Agencies on their response to the Pandemic as well as hearing about the Fair Work implications from the crisis. The Board would also hear about the work of the Advisory Group on Economic Recovery and the Chair extended a warm welcome to Benny Higgins and David Wilson from the group.

The Chair added that the Strategic Board is well placed to assist in the development of measures being put in place to support the economic recovery and inform what additional actions might be required across the enterprise and skills system to ensure the Scottish economy emerges from the crisis in the best possible way. The Chair also drew attention to the document the Secretariat had prepared mapping the different groups across Scottish Government and agencies which are supporting the recovery [SB (13.05.20) (02c)] highlighting the opportunities to add value if we pull together collaboratively. The Chair also briefly updated on a recent positive meeting between herself, Scott McLarty and Mr McKee.

The Chair then invited Liz Ditchburn (SG) to say a few opening remarks. Liz reflected that there has been the most extraordinary level of organisational change at government level and that this presents real opportunities - all of government are working on one programme (COVID 19 response) which has enabled a level of policy coherence which is unprecedented.

There is an opportunity in terms of the new ways the Board and enterprise and skills agencies can work together to generate the greatest impact, relating to the original objective of the Board to get the maximum value from collective investment. Liz recognised the great work underway and how the agencies have responded at pace. How can we seize these new opportunities and reimagine how we work together?

Item 2. Scottish Government Update - SB (13.05.20) (02a), SB (13.05.20) (02b)

The Chair invited Richard Murray (Enterprise and Skills Analytical Unit) to update the Board, on Gary Gillespie's behalf, on the latest assessment on the regional and sectoral impacts of the Pandemic.

- Richard gave a brief overview of the presentation, noting that this analysis builds on the comprehensive macro assessment the Board received as an update on at the March meeting. He referenced the analysis recently published in the *State of the Economy* report, with the headline assessment that the pandemic has resulted in around 22% of businesses temporarily closing, affecting some 900,000 jobs and suggesting a potential fall of 33% in GDP over Q1/Q2 of this year. He noted this is in line with other independent analysis, such as the Bank of England's assessment.
- Richard emphasised that the impact is not expected to be spread equally across sectors and regions of Scotland and drew particular attention to the Index for Resilience and Exposure that has been constructed, taking account of a number of different metrics, and showing the potential scale of the crisis across different Scottish local authorities. The Index is a 'work in progress' and the Scottish Government welcomes feedback on this through the Secretariat.

The Chair then invited Uzma Khan (Scottish Government) to give an overview of the Scottish Government's 4R approach and the 16 workstreams that are underway within the Economic Response and Recovery Programme.

- Uzma set out the Programme timeline, stressing that the Respond piece would span across the lifespan of the entire Programme. She explained the Programme tranches are based on the '4Rs' approach and that as we enter the Restart phase, there is a need for more detailed thinking about what the roadmap for recovery will look like.
- Uzma highlighted the 16 work streams and emphasised their cross cutting nature, each has a lead director within the Scottish Government and all are engaging with Agencies and other partners as appropriate. There is work underway to look at how these will be monitored and how success will be tracked. Uzma offered to come back at a later stage to update as this work progresses.

The Chair asked Uzma how intelligence and information from Agencies and the wider business community are feeding into this work. Uzma explained that there were various mechanisms to ensure that intelligence is gathered, for example there are a range of groups set up to link into the Agencies and partners. There is also a daily Ministerial briefing which the Agencies feed directly into.

The Chair noted that policies are created within a government sphere and there is a need to ensure they take account of the view from business so it is vital that these connections are being made.

Item 3. COVID-19- Update from the Agencies - SB (13.05.20) (03)

The Chair then invited the Agencies to give an update, both on the intelligence they are gathering and the current work they are doing to respond to the COVID-19 crisis, noting that there has been a lot of collaborative work to date and stressing the need to look at planning future work needs

SoSE:

- Russel Griggs noted that COVID 19 has led to the agencies working collegiately, including with, Local Authorities and Visit Scotland. They are looking at the impact on specific sectors in the South of Scotland to build a focus for restart and beyond COVID-19
- There has been a focus on hibernation costs and how to help businesses with this. A new issue has now emerged with the different guidance issued by UK and Scottish governments and this will be monitored.
- Nick Halfhide: highlighted 3 areas: loaned staff to help Local Authorities dispersing grants; directly dispensing grants to tourism/hospitality; and arranging funds from agency as a follow-up/top up to those that are vital and vulnerable.

SE:

- Charlie Smith described how SE's resources and work had pivoted to the response and outlined:
- 2 new COVID-19 funds, announced by SG, went live at end of April - the Pivotal Enterprise Resilience Fund and the Creative, Tourism and Hospitality Enterprises Hardship Fund. A Multi-agency approach to delivery with SE, HIE, SOSE, Creative Scotland and VisitScotland. Volume of demand was exceptional –but early indications from the appraisal work suggest that around one third of applications are being approved first time.
- Find Business Support (findbusinesssupport.gov.scot) continues to be the critical channel for engagement with businesses with more than 275,000 site visits between the launch of COVID-19 information for businesses and the 12th of May.
- Multi-partner daily triage service continues to deal with company specific issues, with decision makers and key leaders from SE, partners and SG triaging enquiries on a daily basis with a weekly call to enable solutions to enquiries – to date 121 enquiries have been triaged
- The peer to peer network – Mobilising Scotland's Businesses – which was soft launched, has over 50 businesses on the platform sharing experiences and advice in response to the crisis.
- Lord Smith noted that working across so many areas and agencies has proved successful without duplication or delay - the money is getting to the right places. £8.4bn out for Bounce-Back loans and new Future Fund to be launched shortly.

The Chair noted that the Board recognised the immense effort underway by all the Agencies in their response to the Pandemic.

HIE:

- Alistair Dodds highlighted that the digital response has been positive; a great deal of time has been spent gathering information and Intel from account managed businesses, representative groups and banks and others.
- Work is underway to review how to use capital and revenue funds, with different ways of working and to offer pragmatic support to businesses.
- A number of community resilience groups have been set up, with positive cooperation from Local Authorities and other groups.

- Alistair flagged the importance of the rural economy and that it is not just big business, but small enterprises.
- Carroll Buxton: those that depend on tourism are very exposed; other sectors such as financial services and life sciences have been less exposed as they have been able to adapt.
- There is a new business as usual: helping people to deliver digitally and support advertising and distribution/supply chains. The introduction of bounce back loans have been very helpful.

SFC:

- Karen Watt stressed that we need to see colleges and universities as national and regional assets; SFC briefing highlighted that the education sector had been hard hit with up to £650m operating deficit in the 2020-21 academic year.
- KW referenced the opportunity to refresh the contract with further and higher education. Universities and colleges have pivoted to on-line teaching and that ability to change and adapt will be important going forward.
- Sector concern about decisions they need to make not just for their survival but for the pipeline of future skills. There has been a lot of work to introduce stability and flexibility; repurposing loans and grants; lot of engagement with UKG on research sustainability.
- Mike Cantlay: Ministers are heavily involved with 3 main groups set up (1) University principals (2) College principals (3) Further and Higher Education Ministerial Leadership Groups. There are core issues emerging: the wellbeing of staff and students; unemployment issues; financial losses.

SDS:

- Damien Yeates noted that SDS initial response was around pivoting towards support for young people transitioning from school launching a digital job matching service; the launch of a new advice service campaign for those under threat of losing job. All required huge engagement with partners. PACE service is very active.
- The Keep Scotland Working paper is additional work, future focused around to what to do to protect the workforce and support reskilling.
- Chris Brodie: the underpinning analysis is consistent with OCEA analysis in terms of recognising that the shape of recovery is uncertain. Industry engagement has identified issues on how companies are responding: concerns around furlough masking significant redundancies especially in tourism, construction and hospitality.

The Chair noted that unemployment will affect all sectors and groups across all levels of seniority within businesses and thanked SDS for their discussion paper. DFM has asked the Strategic Board to take a strong role in considering how actions can be put forward to address labour market policies in response to COVID-19 and suggested that she co-chair a smaller group with Frank.

Action ESSB – May 20 (01): Mike/Frank/Nora: to meet to discuss taking this forward

Liz Cameron stressed that job losses are still occurring; critical to redesign skills provision, training and developing strategic planning around this. There is an opportunity for skills and technology, to change the way we trade. Skills are a key enabler to re-enter the market place and trade.

Sara Carter highlighted that universities have pivoted around COVID, including research to support the fight against the epidemic but also in the way that they operate and teach. There is a role of universities in youth unemployment - SG could keep young people out of unemployment by expansion of student numbers and staying on for post-grad studies. Universities and colleges have a role in shielding young people and letting them go into the labour market with more modern and suitable skills.

Fair Work

The Vice Chair then invited Grahame Smith to give an update from the perspective of the worker and the Fair Work agenda.

- Grahame set out that an important first step was the SG/STUC statement that Fair Work principles should be applied for issues arising from COVID-19 workplace situations.
- Concerns around health and safety and income ;what work is essential and non-essential; support for home working and impact on workers' health; how workers can help with caring responsibilities; issues around applying physical distancing and PPE.
- Employers have responded incredibly quickly, working with unions closely to deal with the fear workers felt.
- The Furlough scheme and support for self-employed is welcome and should hopefully reduce pressure for employees to return to work for financial matters but other countries offer a higher degree of financial support to help people move between sectors and the Furlough scheme may be masking redundancies to come.
- The crisis has exposed the instability and fragility of labour market – the wide range of employment statuses in the UK, for example workers on zero contracts and agency workers.
- Restart and recovery: the restart needs to take account of evidence of disproportionate impact on those on lowest incomes.

Item 4. Supporting the Recovery – SB (13.05.20) (04a), SB (13.05.20) (04b)

Scottish Government Recovery Project

The Chair invited Kersti Berge (Scottish Government) to talk through the recovery work stream.

- Kersti introduced her slides as a work-in-progress and said she would welcome the Board's input to shape the work going forward.
- She described the aim of the recovery work to help ensure the economy recovers in a way that supports the long term objectives for the Scottish economy (wellbeing economy, inclusive growth, Fair Work, Net Zero).
- The approach is to refresh the vision for the Scottish economy and put in place some near term recovery measures that are in line with that vision and building on the positive behavioural changes before reverting back. This would be followed by a package of strategic longer term measures to support the recovery.
- Kersti reflected on some of the challenges and opportunities/risks identified and welcomed reflections on how to harness these.

Advisory Group on Economic Recovery

The Chair then welcomed Benny Higgins and David Wilson and invited them to update on the work of the Advisory Group.

- Benny welcomed the support of the Strategic Board and briefly reflected on the purpose of the group - small group, designed to work quickly to develop a set of recommendations by the end of June to make a difference in the medium to longer term.
- The Group has designed a dynamic engagement framework to capture a wide set of views; set of packages (e.g. lessons learned from lockdown; supply chain issues; indebtedness; infrastructure, construction and place; third sector).
- The core of the question is asking people to consider the context from their perspective and to input recommendations for action to the group.
- It is important to remember that everything wasn't OK going in to this crisis. These considerations need to be factored in as we come out of the crisis. Rather than a turning point, it can be looked as a point of acceleration.
- Lord Smith to invite different groups to feed in views and write out personally to a long list of businesses with a critical list of questions. Content to be passed on thematically to Benny's group.

The Chair then invited a wider discussion on initial feedback from both Kersti's and Benny's presentations.

Steven Heddle: To note the importance to bring in rural perspectives, including the different impact on the islands. Also to highlight the role of local government: role of transportation, childcare and education - a holistic approach based on place where the Local Authorities take a leading role. Points to following through on previous correspondence on getting Local Authority representation on the Board. The Chair noted this.

Audrey Cumberford: The Board's work remains relevant and scope now to accelerate. What would we prioritise? People are making decisions for survival – there is a risk that decisions are made in the short term which aren't necessarily in line with a response for the economy.

Alistair Dodds: Would emphasise an all-Scotland approach, getting views right across Scotland not just a big business approach.

Liz Cameron: Will share Benny's work across 30 chambers across Scotland. It is important when we look at what is needed to grow our economy there will be probably different levels required: new industry strategy, economic actions, fiscal approach. We need real short term support to the market place, supporting working capital across all business sizes.

Lord Smith: To offer reassurance that both size and location, everything will be taken into account.

Benny Higgins: Would echo Lord Smith's comments that all views are being sought and welcome and there is a chance to come forward with any ideas - the more creativity the better.

Action ESSB May 20 (02) Secretariat to contact Board Members opportunity to respond as a Board and respond individually on specifics if required.

Item 5. Looking Forward

The Chair reflected that there are a number of ways to support this work – the spheres of influence the Members of the Board have in passing information and capturing ideas; connection with ILG work looking at sectors and sense of place; aspects of what the Agencies are doing collaboratively that can be looked at more in a joined up matter longer-term; feeding in to relooking and redesigning at the missions.

In June we will revisit the missions to see what areas can be accelerated and make recommendations where the areas of focus should be and how funding can be used differently.

The Board will also take a longer time in June to reflect, how we can engage to be able to drive economic growth further and how we look at unemployment and the impact of this going forward.

Action ESSB May 20 (02) Secretariat to contact Board Members opportunity to respond as a Board and respond individually on specifics if required.

Action ESSB May 20 (03) To ask Business Board members to reflect on this over the next few weeks, what will be faced by their businesses and sectors and this will be brought back to the Board before sending back to Benny.

AOB

There was no other relevant business. Meeting concluded