

## Meeting Note - Strategic Board Meeting 5 November 2021 – MS Teams Meeting

### Attendees:-

**Members** Nora Senior (Chair), Scott McLarty (Vice Chair), Audrey Cumberland, Grahame Smith, Gillian Murray, Caroline Barelle, Alison Milne, Simon Cotton, Lord Smith (SE), Mike Cantlay (SFC), Alistair Dodds (HIE)

**Other Attendees:-** Carroll Buxton (HIE), Jane Morrison-Ross (Sose), Linda Murray (SE), Adrian Gillespie (SE) Damien Yeates (SDS), Karen Watt (SFC), Katherine Peskett (SG), Adam Reid (SG), Stephen Boyle, Keith Winter (LA), Stuart King (AU), Richard Murray (AU/Sec), Chloe Clark (Sec), Natalie Stevenson (Sec) Gary Gillespie (SG), Colin Cook (SG)

**Apologies:-** Frank Mitchell (SDS), Russel Griggs(Sose), Melinda Matthews, Sara Carter, Liz Ditchburn (SG), Richard Rollison (SG), Helena Gray (SG).

### Welcome to new attendees

The Chair welcomed:

- Gary Gillespie (Chief Economist) who returns to lead item 2 on the National Economic Strategy for Transformation
- Colin Cook (SG Director for Economic Development) who will lead item 3 on Innovation.
- Adrian Gillespie who takes up the position of CEO at Scottish Enterprise.

### Item 1a - Introduction from Chair

- The Chair thanked board members for joining the call and outlined the agenda for the day.
- No conflicts of interest or comments on the previous minutes were raised. An update can be found below:

Action	Description	Theme	Lead(s)	Update (RAG rated)
ESSB Aug 21 (01)	Secretariat to get in touch with Board members to take forward work on scoping what might be covered in an innovation strategy.	Innovation	Secretariat	Item 3 will cover how SG plans to take forward the innovation strategy.
ESSB Aug 21 (02)	Secretariat to share the final slides for the meeting with Ms Forbes on 17 <sup>th</sup> August with the Board.	Ministerial Engagement	Chair	Read out of the meeting has been shared with members.

ESSB Aug 21 (3)	The Chair to discuss the potential role for the Bank in attending the ESSB.		Chair	SNIB to attend the board twice yearly.
ESSB Aug 21 (4)	Secretariat to arrange a further session with the Board on the 10 year NSET.	NSET	Secretariat	Complete and formal submission on NSET circulated with papers.

- The Chair provided an update on recent engagement:
  - **30<sup>th</sup> August - Education, Children & Young People committee Business planning** event where the Chair outline the board's work on skills including the work of the skills alignment assurance group and the board's involvement in the SFC review.
  - **8<sup>th</sup> September - Economy & Fair Work Committee** where the Chair highlighted the board's progress on better alignment and simplification, including the innovation review and business support.
  - **17<sup>th</sup> August – Cabinet Secretary for Finance & Economy** where the Chair discussed alignment of the board's work to the National Strategy for Economic Transformation and how to maximise the contribution of the enterprise and skills system.
  - **15<sup>th</sup> September – Cabinet Secretary for Education and Skills** where the Chair discussed the skills landscape and highlighted the need to engage both locally and nationally to align skills provision with demand from employers.

### **Item 1b - Update on skills alignment (Damien Yeates CEO SDS and Karen Watt CEO SFC)**

- The Chair invited the Chief Executive of SDS, Damien Yeates and the Chief Executive of SFC, Karen Watt to provide an update on the progress of the Skills Alignment Assurance Group and the pathfinder projects currently being piloted.

### **Climate Emergency Skills Action Plan (CESAP) Pathfinder**

- SDS are leading this pathfinder which stems from the Future Skills Action Plan. CESAP is a broad structure to align investment in skills to realise ambitions around climate emergency. A negotiated programme between education stakeholders and industry is being carried out. CESAP is not narrow and flows across all sectors and should be centre stage in the National Strategy for Economic Transformation as genuinely transformative.

**North East & South of Scotland Pathfinders**

- SFC are leading these pathfinder projects. A key point in the development was the SFC review, where its recommendations have now been accepted by Minister's. The pathfinders are about working with local partners (college, universities) and SDS. PIDs are being developed and early mapping work have been completed which will look at how to do better provision pathfinders to meet regional needs. Ambitions are big for this project within fairly constrained resources and will look to build capacity as this work is a priority.

**Action 01 – To circulate the project initiation documents (PIDS) for the pathfinder pilots to board members once complete.**

**Item 2 - National Strategy for Economic Transformation – Gary Gillespie (Chief Economist)**

- Gary Gillespie, Chief Economist, led the item on the National Strategy for Economic Transformation and updated the board on the progress of this work.
- There has been 700+ engagements, over 200 responses to the public consultation and 120 actions identified which are now being put into a framework.
- The board's engagement with the strategy to date has included:
  - Discussions around the initial framing of the strategy at the board meeting in August.
  - Follow up discussions with business board members which led to the board's formal response to the public consultation.
  - A presentation to Ms Forbes and Ms Somerville on proposals to transform the enterprise and skills system.
- The Advisory Council have now met four times with the last meeting taking place in October. Individual sub groups (Entrepreneurship, Innovation & Productivity, Human Capital & Regional Equality) of the Advisory Council have also met individually four times to further develop the themes identified.
- 120 actions have been established and 5 objectives have been agreed (Entrepreneurship, fairer prosperity, new markets and opportunities from net zero, productivity and skills).
- The Advisory Council has identified immediate actions to enhance delivery:
  - Multi-year budgets: this provides greater certainty for delivery partners to plan ahead;
  - Tracking progress: set up a new Delivery Unit in SG and report annually on progress;
  - Evaluation: step-change in evaluation to ensure lessons learned and build on best practice;

- Declutter the policy landscape: have fewer initiatives and ensure there is sufficient time for them to have impact; and
  - Roles and responsibilities: clarity on the ownership of actions and the roles the public, private and third sector will play in delivery.
- The individual actions are now being categorised as to what extent they meet the goal of transformational change and their impact on the 5 agreed objectives.
  - A delivery sub-group of the advisory council has been established to take forward work in 2 phases:
    1. A high level review of the current delivery landscape
    2. Following publication, carry out detail work in the first quarter of 2022 with stakeholders and delivery partners.

#### Next Steps:

- Test revised visions and objectives with Advisory Council
- Continue to work with agency and Scottish Government colleagues to assess the actions identified.

#### Chairs/CEO's provided comments/feedback on the content of the presentation:

- Actions appear to be high-level which provides a good opportunity for agencies to bring forward ideas on how to take the work forward.
- All agencies are content with their contribution and engagement with the strategy and welcome the opportunity to contribute their ideas/experience to the delivery phase of the strategy.
- Delighted to see focus on implementation and a delivery sub group being created.
- Agree with multi-year funding approach. Very difficult to have effective delivery with year-on-year funding.
- Pleased to see regional focus in the strategy. Would like to see issues with infrastructure especially transport, digital & housing, reflected in the strategy.
- Aligns to the recommendations with the SFC review. FE and HE is front and centre of all 5 objectives.
- Fair work principles should be more prominent in the strategy. Purposeful outcomes must exist if we want a step change in economic performance. Investment in skills brings households out of poverty – good quality skills and jobs will help achieve a better quality of life.
- Economic strategy needs to be a two way process which involves the private sector, third sector, communities.

## **Action 02 - CEO/Chairs to meet in the coming week to discuss ideas to make a more transformational enterprise and skills system.**

Feedback from members:

- Fundamental change to the economy is needed and should flow through the strategy more prominently. Less strategies and better consistency across policy areas is needed to ensure all actions can be achieved.
- Agree with focus on delivery. Failures on execution have been down to a lack of coherence, consistency and collaboration. There needs to be clarity on the future role of the Strategic Board as adding more layers may cause confusion.
- Need to take a proportionate look at simplifying the landscape i.e. look at year 3 what do we want the economy to look like at this stage.
- Pleased to see a focus on innovation. The landscape needs to look different to achieve job ambitions.
- Input from agencies and partners are critical alongside the delivery sub-group. The Government must create the right environment for businesses and agencies to take forward the actions.
- People shortages caused by Brexit are a real concern for businesses. Need to look at how we can address immigration issues. Labour market shortages will not necessarily lead to a high-wage economy, but possibly a smaller economy as firms choose to scale back their activity.
- Need to have the ambition to address the challenges and behave differently to make change, and to galvanise and enthuse grass root companies. Communication and engagement is key before delivery.
- Care must be taken around the language surrounding a green economy & net zero – this is an economy problem that effects every sector and not a sector specific issue.

Gary Gillespie welcomed the feedback and highlighted the importance of the immediate work refining the actions and the Advisory Council Delivery sub-group. The Chair will join the sub-group to ensure that the experience and insight from the Strategic Board informs the discussion on enhancing delivery.

### **Item 3 – Innovation Strategy (Colin Cook, Director for Economic Development)**

Colin Cook, Director for Economic Development, led this session and set out his plans for developing an innovation strategy.

- The Strategy Day in January 2020 identified the need to review the innovation support on offer in Scotland due to the cluttered landscape. The Board undertook a review which was submitted to Mr McKee in July 2021 which set out a number of recommendations, including the need for an innovation strategy.
- The Scottish Government accepted this recommendation and committed to working with the Strategic Board to develop an innovation strategy within the 2021-22 Programme for Government.
- The National Strategy for Economic Transformation is the starting point for the Innovation Strategy and will build on the initial review by the Enterprise & Skills Strategic board & the Muscatelli report.
- The UK Government recently launched their own Innovation Strategy which will also form a basis for points within our own Innovation Strategy and will have a bearing on the funding we can access going forward.
- A board, inclusive approach will be taken, building on existing structures to ensure collaboration across the agencies, delivery bodies, business and education system and will look at international perspectives to align ambitions with current delivery capabilities.
- Need to look at what we mean by innovation and what new adoptions and practices we can take forward. Also need to consider how we take advantage of our academic strengths.
- Working to a stretching timeline with the innovation strategy to be produced by Spring 2022.

#### Feedback from members:

- Language has to be considered particularly when using terms like “national” as this is confusing for business. Depending on the size of business they may consider a national strategy to be a UKG led strategy. As a UKG Innovation strategy exists already this could be viewed as duplication.
- Need to have a clear approach and consider where the innovation strategy focuses on, for example where Scotland has some key strengths (pharmaceuticals, renewables).
- Universities & colleges are an important part of innovation – particularly in terms of research. Skills have to feature heavily in the strategy.
- To date there has not been a clear articulation of the role SG and the UKG plays in funding innovation. For example, while SFC funds around £250m of innovation activity in colleges and universities, this amount is then doubled by the UKG and helps leverage in further funding so that in total each year around £1 billion is spent on innovation.

- The approach to innovation in the Basque Country is worth investigating.
- Innovation Centres have been a big success, delivering £10 of benefit for every £1 invested. These are not delivered by the SFC, but by universities in collaboration with the enterprise agencies. Universities are Scotland's unique selling point which will drive the innovation strategy.
- Universities tend to be good at small spin-outs, but need additional support if they are to grow and retain the IP in Scotland. Often collaboration is concentrated between universities and a small number of large companies.
- The CBI have a Vice Chancellors network which could be utilised going forward to strengthen the relationship with Scottish business and help seize opportunities to create innovation clusters (which often gather around large companies).
- Small to medium businesses tend to introduce the most innovation and it's important to grow these businesses within Scotland.
- Innovation happens in places and therefore the strategy needs to join-up innovation support with local opportunities. Close relationship between innovation hubs and entrepreneurship.

**Action 03 – Colin Cook to come back to the Board with details on how it can support the development of the innovation strategy.**

#### **Item 4 - Strategic Plan Refresh (Richard Murray, Head of Enterprise & Skills Strategic Board Secretariat)**

Richard Murray, Head of Enterprise & Skills Strategic Board Secretariat provided a brief update to the board on the next steps for the Enterprise & Skills Strategic Board Plan Refresh.

- A slide pack was circulated in advance of the meeting (SB-05.11.21-4) outlining the work undertaken to date and plans for future engagement with the Board.
- At the board's Strategy Day in March 4 themes were identified: Innovation, Skills alignment, Business Models and Workplace Innovation and Business Support & Interventions. This work was paused to allow for further development of the National Strategy for Economic Transformation. The current material identified by the board is interconnected to the National Strategy with clear alignment within the four themes.
- The plan will follow the publication of the National Economic strategy, with the agency 3 year plans following afterwards.

- The Secretariat are in the process of scheduling dates in January & February 2022 to build on the initial thinking of the plan refresh earlier in the year and in line with the outcomes from the National Strategy.

**Action 03 – Secretariat to set up smaller group sessions of the board to discuss the National Strategy for Economic Transformation and taking forward work on the Board’s Strategic Plan Refresh.**

**Item 5 – Close and Next Steps**

The Chair thanked members for their time and input to discussions.

- This is a really important time for the board as we take forward crucial work which will shape the future economic context within Scotland. The board’s unique business voice has never been more important to provide clarity to business and advise Government on a way forward that will bring about transformational change.
- The 8th December has now been cancelled as it seemed sensible to hold our next meetings in January when we will have a clearer steer on the final content within the national economic strategy.
- The Chair thanked Liz Ditchburn, Economy Director General for her commitment to the Strategic Board. She informed the board that Liz will step down shortly and Elinor Mitchell will take up this post on an interim basis starting on the 16th November.
- The next meeting of the board will take place in December where Grahame Smith will provide an update on the Career Service Review.

**Actions**

Action	Description	Lead(s)	Deadline
ESSB November 21 (01)	To circulate the project initiation documents (PIDS) for the pathfinder pilots to board members once complete.	Secretariat	Once complete
ESSB November 21 (02)	CEO/Chairs to meet in the coming week to discuss ideas to make a more transformational enterprise and skills system.	Secretariat	Over next few weeks
ESSB November 21 (03)	Secretariat to set up smaller group sessions of the board to discuss the National Strategy for	Secretariat	Over next few weeks



**ENTERPRISE & SKILLS  
STRATEGIC BOARD**

	Economic Transformation and taking forward work on the Board's Strategic Plan Refresh.		
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