8 December 2016

Dear Convener,

EDUCATION AND SKILLS COMMITTEE – 7 DECEMBER 2016 – ENTERPRISE AND SKILLS REVIEW

Following my appearance at the Committee yesterday, I am writing to provide the Committee with further clarification on a few of the important matters raised during the discussion.

I was asked to provide evidence of support for the establishment of a single overarching board which would improve the coordination and alignment of the work of the four existing bodies. The call for evidence during Phase 1 of the Enterprise and Skills Review invited those connected with enterprise and skills delivery – whether as learners, businesses, service providers or partners – to contribute their views. As I stated at the Committee, more than 300 responses were received to the formal call for evidence and these have been made public and available to the Committee. In addition, the minutes of the Ministerial Review Group have also been made public albeit that these are summary and not verbatim notes. This was part of a wider stakeholder engagement strategy, involving meetings and workshops with a range of policy areas and organisations.

In addition to this external engagement, we commissioned three pieces of research: reports on international enterprise and skills experience and practice; and a report on outcomes from workshops with users of business and skills support. All of this evidence was analysed with a view to informing the type of future enterprise and skills support system which would best meet users’ needs.

A number of responses to the formal call for evidence, including from the Federation of Small Businesses, SCVO, the Scottish Local Authorities Economic Development Group, Universities Scotland and Highlands and Islands Enterprise, suggested that the current system is overly complex and that there was a need for much better co-ordination and...
improved strategic alignment. Other respondents proposed the setting up of an overarching board: Scottish Enterprise called for the creation of a "Scottish Strategic Economic Leadership Board with powers to prioritise the work of agencies and drive new ways of working"; Skills Development Scotland called for a permanent "National Sustainable Economic Development Board"; the University of Strathclyde called for a Strategic Board at a Scotland-wide level to exercise strong leadership and reinforce collaboration and connectivity across Government and its agencies and with industry and universities at the table; and Colleges Scotland called for "an overarching Enterprise and Skills Board for Scotland".

For the record, the summary of responses to the Call for Evidence can be found here: [http://www.gov.scot/Resource/0050/00505877.pdf](http://www.gov.scot/Resource/0050/00505877.pdf) and full responses are published online here: [http://www.gov.scot/Topics/Economy/EntandSkillsreview/callforevidenceresponses](http://www.gov.scot/Topics/Economy/EntandSkillsreview/callforevidenceresponses)

I recognise that the timeframes for Phase 1 of the review and the call for evidence were tight but I wanted to avoid any unnecessary uncertainty for staff and users of services delivered by the agencies involved. However, even within that timeframe, as noted above, we received over 300 responses to the formal call for evidence from a wide range of bodies, users and learners; we held a number of meetings and workshops across Scotland with a range of policy areas and organisations; the Ministerial Review Group met five times – all to ensure that the widest range of views and opinions were heard.

It may be helpful for further information to be provided to the Committee about the future of HIE under the overarching board. There should be no doubt that HIE will remain firmly in place at the heart of the Highlands and Islands economy. We made clear in Phase 1 Report that we wished to build on HIE's recognised success and that we are committed to maintaining the dedicated support which is locally based, managed and directed by HIE. The plans we are putting forward through the Review are not only about about improving the services HIE offer but also to ensure that the Highlands and Islands benefit from better national co-ordination, working in greater alignment alongside agencies such as Skills Development Scotland (SDS) and the Scottish Funding Council (SFC) to provide the best possible support to business. My ambition is to create the strongest possible links between the work of HIE, SE, SDS and the SFC under the auspices of the strategic overarching board. This will ensure that the support we are providing to train our young people and improve the skills of our work force is aligned with the economic needs of the Highlands and Islands. I should also add that I would expect that there will be strong Highlands and Islands representation on the new overarching board itself.

In addition, after the introduction of the proposed single overarching board, I will want to ensure that HIE continues to: retain a Chief Executive based in Inverness; retain its Inverness headquarters; retain control over staffing levels; operate from its area-based offices located across the area from Lenwick to Lochgilphead; and, enable businesses, social enterprises and communities to continue to access services, grants and support by contacting locally based staff in each of these local offices. The agency will also continue to have autonomy over local decision making, using the expertise and specialist knowledge they have about the area.

Finally, I wish to reaffirm what I said at the Committee, that the establishment of the new Board will not affect the autonomy of Scotland's universities or how they are governed. I am absolutely committed to ensure that our world class higher education institutions remain independent and that their academic freedom continues to be protected.

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As to next steps, over the coming months, Phase 2 of the Review will involve working with all of the agencies, drawing on the experience of a wide range of stakeholders and on expert advice to develop detailed proposals for taking forward all of the projects emerging from Phase 1. We will seek to prioritise those projects of particular significance in the early weeks of Phase 2 (governance; data and evaluation; international). With regard to the establishment of the new strategic board, I should emphasise that the detailed proposals for this will be subject to formal consultation, and I will also continue to update relevant parliamentary committees at appropriate times. And of course the proposals will also be subject to Parliamentary scrutiny during the legislative process.

I hope this provides the Committee with helpful additional clarification on important aspects of the Enterprise and Skills Review. I am more than happy to provide further information should you request it.

Yours sincerely

KEITH BROWN