ENTERPRISE AND SKILLS REVIEW

Thank you for your letter of 9 December in which you set out the Committee’s wish to scrutinise the evidence base for the decision to disband the Board of the Scottish Funding Council and the other three bodies involved in the Enterprise and Skills Review. You asked me to provide further detail on those organisations or individuals that specifically suggested abolishing the board of the Scottish Funding Council (SFC) and the creation of a new overarching board.

As I discussed during my Committee appearance, there was a clear perception across a majority of respondents to our Call for Evidence that a lack of clarity on the strategic focus for the enterprise and skills system was leading to duplication across the agencies, as well as confusing end users about the range of support which they might access. Addressing this is particularly pressing in the context of the referendum vote on the EU and in a continued environment of fiscal restraint.

Our proposed model clearly addresses the broad consensus from Call for Evidence responses, Ministerial Review Group expertise and wider stakeholder engagement. The Ministerial Review Group, for example, strongly supported alignment behind a single purpose and for a single Board to provide that clarity of purpose. Reflecting the review’s consistent focus on achieving successful outcomes rather than structures, our proposals do not seek to abolish any of the agencies under review or dispense with their remits. Rather, they seek to ensure that the bodies are better aligned and co-ordinated while retaining their separate legal status. This is very much in line with responses which called for de-cluttering of the existing landscape, for simplifying the whole system for users, and for driving alignment across the agencies to maximise our collective impact and realise our ambition for Scotland to be a top performing OECD nation. To quote from individual responses may be helpful here:
"The landscape is cluttered which creates a complex picture of support which is difficult to manoeuvre. There needs to be streamlining within the system and greater signposting to appropriate support. Alignment within the skills and enterprise system, in addition to the employability and education agendas, is key here" (SCVO).

"De-cluttering of the landscape is required together with clearer exposition of relative responsibilities" (SLAED).

"SLAED will be supportive of a Review which strengthens strategic alignment across the main economic development partners. This should be undertaken in a way which leads to better co-ordination, less duplication and a clearer role in managing the interface between local and national partners" (SLAED).

We want to build on the strengths and successes of all four bodies, to respect and respond to both national and regional requirements, and to ensure the bespoke functions of each body are represented and promoted in the remit and expertise of the new overarching Board. This will be a particular consideration of the governance workstream during Phase 2 of the review, and in developing transitional arrangements which ensure service delivery is not impacted adversely as we move to the new arrangements. The governance workstream will form a considered view of the detail around the operation of the overarching board as well as its form and function. We will also carefully consider the structures which will underpin and support the Board, for example, between HIE in terms of its business delivery and assurance systems and the strategic board. Meanwhile, the Boards of the four bodies will continue to function as they currently do.

There is a wealth of expertise in the four bodies on which we will draw to take this work forward. Indeed, I have already asked Lorne Crerar and the Chairs of the four bodies to take a leading role in supporting the governance strand and I know that each of the bodies have committed resources to this end. Once proposals are drawn up, we will consult on these and their legislative implications, and I anticipate a further wide - and helpful - response.

No decision has been taken on the geographical location of the overarching board. However precedents exist such as COHI (within the Highlands and Islands area) or in national terms with travelling Cabinets, where activity is organised on a peripatetic basis. These are options that I would like to see explored further through the governance workstream of the review.

I hope this letter has provided reassurance that we looked closely at the evidence and views from a range of users and experts in arriving at decisions on the shape of future enterprise and skills support in Scotland. Phase 2 will take forward assessment of options to implement these decisions and ensure a system in which all our agencies work hand in glove with each other and collaboratively with our business, academic and civic partners to optimise economic impact across the whole of Scotland.
Phase 2 of the Enterprise and Skills Review is due to conclude next April; however we have already agreed to prioritise the Governance element of the wider programme to provide early clarity on the various options on which we might consult further.

I should be happy to discuss all aspects of the review further as we take the work forward and in particular any issues arising in relation to the overarching board.

Kind regards

KEITH BROWN