



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy, Energy and Fair Work Committee

Tuesday 10 March 2020

Session 5



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Pàrlamaid na h-Alba

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ECONOMY, ENERGY AND FAIR WORK COMMITTEE
8th Meeting 2020, Session 5

CONVENER

*Michelle Ballantyne (South Scotland) (Con)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

Jackie Baillie (Dumbarton) (Lab)

Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Alison Harris (Central Scotland) (Con)

*Dean Lockhart (Mid Scotland and Fife) (Con)

*Richard Lyle (Uddingston and Bellshill) (SNP)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Rhoda Grant (Highlands and Islands) (Lab) (Committee Substitute)

John Mason (Glasgow Shettleston) (SNP) (Committee Substitute)

Scott McLarty (Enterprise and Skills Strategic Board)

Richard Murray (Scottish Government)

Nora Senior (Enterprise and Skills Strategic Board)

CLERK TO THE COMMITTEE

Alison Walker

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Economy, Energy and Fair Work Committee

Tuesday 10 March 2020

[The Convener opened the meeting at 09:45]

Decision on Taking Business in Private

The Convener (Michelle Ballantyne): Good morning, and welcome to the eighth meeting in 2020 of the Economy, Energy and Fair Work Committee. I remind everybody to turn electronic devices to silent mode or turn them off completely so that they do not interfere with the committee's work.

We have received apologies from Jackie Baillie and Colin Beattie. I welcome Rhoda Grant and John Mason, who are here to substitute for them.

Agenda item 1 is to decide whether to take business in private. Do members agree to take agenda items 3 and 4 in private?

Members indicated agreement.

Enterprise and Skills Strategic Board

09:46

The Convener: Under agenda item 2, we will take evidence from the Enterprise and Skills Strategic Board. I welcome Nora Senior, who is the chair of the board; Scott McLarty, who is vice-chair of the board; and Richard Murray, who is interim head of the Scottish Government's analytical unit. Good morning.

Would Nora Senior like to make an opening statement to the committee?

Nora Senior (Enterprise and Skills Strategic Board): Thank you very much for inviting us back. It is a pleasure to be able to update the committee on where the Enterprise and Skills Strategic Board is.

I remind everyone that our task has been

"to maximise the impact of the collective investment that Scotland makes in enterprise and skills development, and to create the conditions that are conducive to delivering inclusive and sustainable growth."

I will give an update on progress since the strategic plan was published in October 2018. There were 14 actions and 18 recommendations in the plan. I am pleased to say that the board's export mission has been closed and that the recommendations that were made have been absorbed into the Scottish Government's "A Trading Nation: a plan for growing Scotland's exports". Similarly, the future skills mission recommendations have been absorbed into the "Scotland's Future Skills Action Plan".

One of the key areas in which we have seen success is in alignment of the enterprise agencies' business planning. Their strategic business plans were aligned for the first time through timing: their being drawn up and published according to a timetable that allowed for cross-agency discussion and decision making, and further discussion collectively with the Scottish Government department. There has been more shape around shared visions, and more alignment from letters of guidance and in the content of each of the strategic plans.

The focus on collaborative working is continuing. There is a big focus on shifting the culture across the agencies so that they are able to demonstrate a number of joint-working arrangements and sharing of resources. That can probably be seen best in the Brexit response steering group, which was formed a few months ago, and in the collective activity that is being driven on the single entry portal for businesses for business support. There are now a number of

initiatives including cross-agency working groups and secondments from the agencies to one other and to the strategic board's secretariat.

The Scottish Funding Council and Skills Development Scotland worked together to appoint a director of skills. It is—if you like—a unique appointment in that it is responsible to both chief executives, which helps alignment of planning and investment between the two organisations, and means that there is more focus on joining up the agenda and delivery in relation to skills, which are both working towards a skills vision for 2035.

We are also accelerating our work on how we engage with the wider system, including local authorities and industry leadership groups. We recently carried out a review of industry leadership groups that looked at how they could be galvanised much more effectively to look at sectors and to reach the parts of business that are not currently engaged with any of the enterprise and skills system.

We also worked closely with the agency chief executive officers on the spending review. As the committee knows, the strategic board does not have any jurisdiction over the spending of funding; however, we have a route in through giving recommendations on what we think are priority areas. We fed into the spending review on business support and ambition, innovative business models and fair work, skills alignment, and how increased collaborative working and shared resources could be more effective. There is more to be done, particularly around driving productivity and producing an even more seamless system for business users and learners.

I will quickly mention where our future priorities will lie. Hard alignment and greater collaboration will obviously be key. There will also be focus on the user experience, including the effects on business of the single entry portal and of a more collaborative system; how businesses are finding the new dynamic; how the interface with the Scottish Government is working more effectively—between it and the SFC and SDS and other agencies; and clarity about roles, responsibilities, aims, and targets.

We are looking to continue the missions that we initially focused on in relation to business models, workplace innovation, skills, exports, business creation and growth. We will also take deep dives into business models, investment in infrastructure, innovation, skills alignment, and the return on education and skills. We are also looking at more strategic approaches to innovation, climate change and the learner journey in the longer term. The focus will be on the user rather than on what the agencies can deliver.

There will also be a focus on joining up the wider system and on how we can engage more effectively with organisations—in the public and private sectors—that are not within the enterprise and skills remit of the strategic board. We will consider how we can engage more effectively so that there is a much more joined-up approach to investment and delivery. We will also look at fair work and how that can be embedded much more effectively—not just within the enterprise and skills agencies but across the wider business and private sector.

Those are our key priorities for the immediate term. Of course, they will be reviewed as we move forward and look at various external options, and based on the regular evidence and evidence on the deep dives that the analytical unit will bring us.

That was my overview and opening statement. I am very happy to answer any questions.

The Convener: Thank you very much. I will start with a quick question for clarification on your missions. You originally had four missions. I understand from the report that three of them are now closed. Do you have only one live mission?

Nora Senior: The business models and workplace innovation mission is still live. As I said, the exports mission has moved into “A Trading Nation: a plan for growing Scotland's exports”. There are targets and measurements within that plan. The strategic board's oversight of that will ensure that the engagement and activities within the business creation and growth plan and the future skills plan are moving the macro indicators at the top level that the board is responsible for measuring.

To answer your question, the missions are closed, but they are not finitely closed. The board still has oversight of performance measurement.

The Convener: Are you saying that it was too early to be able to measure any outcomes?

Nora Senior: Yes.

The Convener: Are you satisfied that, by moving the outcomes into the plans, you are still measuring them? Do you still have the same aims, and is your intention still the same, even though the aims are not listed among your missions?

Nora Senior: Absolutely. The strategic board is exactly that: strategic. As the missions have moved to being business as usual, and as the activities become more operational, the role of the board is to measure whether or not the activities are shifting the macro indicators of inclusive economic growth. We are satisfied that we have that in place.

Richard Lyle (Uddingston and Bellshill) (SNP): The aim of the enterprise and skills review

was to significantly improve enterprise and skills support, in order to help Scotland progress towards achieving the Scottish Government's aim of ranking among the top quartile of Organisation for Economic Co-operation and Development countries. It is now almost four years since the ESR was launched, in May 2016. Is the strategic board confident that the aim can be achieved? Which areas of review have progressed well and where is there room to improve?

Nora Senior: I will kick off, and then I will pass to Richard Murray.

Scotland is still in the second quartile. We are 16th out of 36 OECD countries. There is a range of performance. We are in the first quartile for high-level qualifications, but we are in the fourth quartile for capital investment. Our overall position has not shifted.

When I previously gave evidence to the committee I said that part of the challenge in moving up to the top quartile is that the countries that are already in the top quartile are continuing to increase and to drive their economic growth. Although long-term indicators show that there is a positive shift, the gap remains consistent because the top countries are already moving again. It is difficult for us to show a significant shift quickly over a period of time. We would need a change of about £33 billion in gross domestic product—a move of 21 per cent—to catch up with some of those countries. Richard Murray can add to that, regarding performance.

The Convener: I will quickly apologise for the noise. We have an issue with the venting windows. If anybody who is watching the meeting can hear it, that is the problem: it is not on your television. Somebody is coming to deal with it.

Richard Murray (Scottish Government): I will add to what Nora Senior said. The enterprise and skills review mentioned that the OECD target is a long-term target—it has a 20-year time horizon. The annual analysis shows that a number of indicators have shown some improvement in the longer term, and not just over a one-year or two-year period. Progress is being made. As Nora Senior highlighted, the top OECD countries continue to improve too, so the gap has remained.

Richard Lyle: Are you saying that as other countries have moved ahead, we are following them and are still keeping pace?

Richard Murray: That is what I am saying. Scotland has actually closed the productivity gap with the United Kingdom since the financial crisis. It was about 10 per cent; now it is about 2 per cent. Scotland has made progress. The problem is that the UK has had very weak productivity growth during that period, which has enabled Scotland to close the gap. Scottish productivity has been

about 1 per cent per annum, which has generally been below the longer-term trend, but there has been progress against the UK.

Richard Lyle: That shows that we are improving and maintaining our position behind the countries that we want to follow and join. Basically—

Nora Senior: I am sorry to interrupt. I will add to that and say that we have shown improvement in research and development spend, exports, the skills profile, educational attainment and the number of businesses, so there are categories in which Scotland is moving in the right direction. For the reason that Richard Murray has set out, that has not been reflected in a shift in our placing, but the indicators show movement in the right direction.

10:00

Richard Lyle: Yes. We are going in the right direction.

Another aim is to ensure that we have a simpler and more coherent enterprise and skills support system. The annual analysis shows that Scotland's innovation landscape is crowded and has more than 90 programmes in operation. What actions have been taken to overcome that challenge? Do we really need 90 programmes?

Nora Senior: The answer to that is that we absolutely do not. We are doing work on innovation, on which a deep dive is coming up during the year. Richard Murray has been working with Mark Graham on that, so perhaps he can say a couple of words about the innovation landscape.

Richard Murray: It is fair to say that innovation programmes all try to do slightly different things, but Richard Lyle is right to highlight the significant volume of them. The annual analysis highlighted that there is limited evidence on the scale of the impact of a number of initiatives. Nora Senior mentioned the deep dive that the board will do later this year, which will look in greater detail at the work that is being done to draw out the key impacts from the various innovation activities. The activities span a wide spectrum, from directly supporting universities to directly supporting business R and D grants. However, the landscape is very cluttered.

Richard Lyle: I know that it is hard to cut such programmes and to encompass all the things that you are trying to do, but I think that 90 programmes is a bit over the top.

The Convener: Given that there are 90 programmes, what are you doing to enable organisations to engage effectively with that big programme offer?

Nora Senior: That is a good question. Not all of the 90 programmes fall under the five enterprise and skills agencies with which the strategic board deals. We wanted to look further afield to see where there is duplication and consider what would be better done by organisations that are outwith the enterprise and skills agencies. We will make recommendations on that. It is not up to the strategic board to make changes in that regard, but we will perhaps be able to guide the enterprise and skills agencies in the areas that they are already involved in.

On what we are doing to engage more with business, that depends on where the entry point is for business to engage. We are looking at the single entry portal and how business engages directly with the agencies at the moment. In the industry leadership group review, we have made recommendations on how the ILGs can better signpost businesses in some sectors towards funding for innovation, and towards resources for embedding innovation in companies in those sectors. We are also looking at interface organisations, and we might make recommendations in further support of that approach.

The Convener: With so many programmes, is there not a concern that there is a loss of economies of scale? Each programme will have an administration budget. As we have heard this week, Scottish Enterprise is running out of money and is not giving it out. The cost of running all the programmes becomes prohibitive, given the amount of money that is distributed for enterprise. Have you examined the overall cost of running the complex maze of programmes?

Nora Senior: We have not done an analysis that we can report back on, although the strategic board will probably look at the overall costs of some of the programmes.

Although we might have influence, we do not have responsibility for allocation of funding. We will make recommendations for rationalisations or enhancements, but we will not have direct responsibility for allocation of funding.

The Convener: Finally, are the companies having to fit the programmes, or are the programmes fitting the companies?

Nora Senior: That is a very good question. I will hand it to Richard Murray.

Richard Murray: I am not able to answer that, but we could get back to the committee on evidence from the programmes and the nature of the companies that are involved in them.

Nora Senior: It is too early for us to say. The research project is on-going, so the findings have not been reported back to the Enterprise and Skills

Strategic Board. That will happen in an update in June. We hope, in part, to end up with a measurement scale that will allow us to see where investment in innovation gives us the best return. We will then make recommendations on that.

We want to know what makes businesses able to function more effectively and where adoption of innovations—say, from higher education—are having the biggest effect. We look at where investments are currently made, where investment gives us the best return and how we can measure that, so that we can make evidenced recommendations, rather than just guesses.

Scott McLarty (Enterprise and Skills Strategic Board): From a business perspective, experience tells us—although we would still need to carry out an analysis—that we could expect to see in evidence that some of the bigger companies are using innovation more than the companies in the middle are. One of the things that I expect to see from other data sources that I am using is lack of use of innovation by small and medium-sized enterprises. To link back to the business models and workplace innovation mission, which is not yet complete, I note that we are considering how to encourage SMEs to get more involved in innovation.

I agree that the landscape is too crowded but, equally, access to the landscape is, for middle-level companies, not at the right level.

The Convener: I agree with that.

I will suspend the meeting for a moment to allow us to open the windows, so that we have no further problems with noise interference.

10:07

Meeting suspended.

10:08

On resuming—

The Convener: Thank you for your patience.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): I want to talk some more about the board's performance framework. Several members want to ask questions about the framework and the six elements within it. Are such things generally accessible to the public? Are they published to make them open and accessible, or is such information basically internal and available only to people like us?

Nora Senior: I will let Richard Murray touch on the performance framework. You rightly mentioned the six elements that monitor Scotland's progress towards productivity, wellbeing, equality and sustainability. We have just done our first annual analysis. It is probably a bit too soon in the process to populate the whole performance framework, which was created by the analytical unit. We are looking at establishing an interactive model, which will be on the strategic board's website. Once that begins to get populated, anyone will be able to access the information. Similarly, the annual analysis is already housed on the website, so the information is accessible and able to be shared very usefully.

Willie Coffey: The charts and the framework in your reports are very interesting, and we are always drawn to them. I am interested in the comments in your report about the sub-national and regional side of the issue. How are decisions about enterprise and skills informed by the regional picture across Scotland? I will take my area as an example. How would I, as an Ayrshire MSP, see that Ayrshire is on the right track in relation to enterprise and skills? Do you produce regional analyses for Ayrshire and other parts of Scotland?

Nora Senior: There is regional data. Richard Murray is the best person to explain how it is used.

Richard Murray: One part of the performance framework is the interactive dashboard, within which we have national and regional data. The regional data is not new data and is already publicly available, but we have brought it together in an accessible format. We are almost at the stage of being able to publish that.

A similar toolkit, which is called the inclusive growth diagnostic, is already available. It enables us to look at the performance of individual local authorities against a range of indicators and to compare that performance with that of similar local authorities in order to see where some of the key challenges are. That information is already available, but we are looking to publish our own interactive dashboard, which will be another tool to

enable people to drill down below the national level.

Willie Coffey: Ultimately, as an Ayrshire MSP, I want to see economic growth in Ayrshire. There is clearly a reliance on the growth deals that are in place and the apprenticeship stuff that is going on. Will the work that you have described help us to see a positive influence and a closing of the gap between Ayrshire and the rest of Scotland in terms of economic growth, employment and so on? Will it help us to see where we need to give more attention and apply more focus?

Nora Senior: We hope to get to that position. We collect data from each of the agencies, we collect external data and we collect Scottish Government data. We take a fresh look at that data and make our own assessments. As Richard Murray said, as we begin to populate the framework, we will drive out of that key indicators that will have a sense of place. That will inform decisions on investment in skills and the direction that we give to the agencies in relation to skills and business growth. We might ask industry leadership groups to focus on key sectors, and the data might help us to assess the kind of help that specific sectors need.

As we move forward in that process, collectively, we should be able to analyse regional data much more effectively and to give some performance measurements on what is and is not working. One size will not fit all, so the sense of place is important to the strategic board. The model that might fit in a big city such as Glasgow should not be used in Inverness, for example, so we will need to flex to ensure that we engage with the agencies in a meaningful manner that will drive local economic growth.

Willie Coffey: Scottish Enterprise has rediscovered its regional focus, which, in my view, it had lost in recent years, so will that help us to see what we need to do in Ayrshire, for example, to close the gaps even within Scotland? Is that where we are heading? I hope that it is because, if that is where we are going, the work sounds encouraging.

Nora Senior: As I said, the sense of place is extremely important and has been one of the key areas of influence, particularly among the business people on the board. It is not only the enterprise agencies that need to focus on that issue. As I said, one of our priorities is finding out how we get system-wide engagement, so that the enterprise agencies are not falling over what local authorities, private sector and trade associations and industry leadership groups are doing. There needs to be a more joined-up approach so that everyone has a more regional focus in future, which will only be a good thing for the national context as well.

10:15

Willie Coffey: Here is my final question. If I am able to ask you the same question when you come back to see the committee next year, will I be able to see any trend for my part of Scotland? I am sure that other committee members would be interested to hear about the indicators for their parts of the country.

Nora Senior: The strategic board is extremely interested in regional data, which people will be able to access as it goes online. Therefore I hope that you will not have to wait until we are back in this room next year to have an answer to your question.

Willie Coffey: Great—thank you.

John Mason (Glasgow Shettleston) (SNP): My questions will cover a couple of areas that follow on from what Willie Coffey asked about. On the productivity chart, I noticed that there is an entry for skills underutilisation. Will you say something about that? Does that mean that we currently have the wrong kinds of work and that we need to attract better kinds so as to match people's skills? Alternatively, have we put young people into the wrong programmes—for example, have we sent too many to university and not enough to do apprenticeships? Could you expand on that?

Nora Senior: My answer will be based partly on the evidence, which Richard Murray could perhaps talk about, and partly on Scott McLarty's experience in business. We have a strong education system. We are a leading country as far as the attainment of high-level qualifications is concerned—we are in the first quartile for that. However, we have never successfully considered in depth the types of industries that we have. We do not have a national asset register—although one is being pulled together—and we do not have oversight of what our skills needs might be for the future. SDS has very good data analysis, and we are beginning to flex and change, but we have not really considered the skills needs of future areas. For example, we have not done in-depth analysis of the skills that are relevant to climate change. That is happening, but we are not quite there yet.

In this country, there is therefore a disconnect between, on the one hand, the attainment of qualifications and, on the other, the types of job that we have to offer. That is why businesses always feel that we do not have the skills that we need to drive things forward. I will ask Scott McLarty to comment on that further.

Scott McLarty: I agree with Nora Senior. As we have seen, there has been a strong push towards universities. We are now looking at lifelong learning and how we can provide upskilling in the workplace, which is a key part of what we do. We

are exploring how we can get universities and colleges to provide those who are not the youngest sector of our population, and who are perhaps learning in mid-life, with the skills that businesses need.

However, our board has not yet had a conversation about engaging with the trade bodies, which could perhaps be done through our missions. Nora Senior mentioned the ILGs and talked about having a wider discussion about what the needs of industry are and how we might align the education system accordingly. We are now looking more at how we can provide continuing education for people. We should focus not just on the front end of the education system but on how we can provide skills as people go through their working lives and careers, which is very important to industry. I think that we are now having the right conversations about that.

John Mason: Presumably one of the reasons for the strategic board's existence is to try to bring all that together now.

Scott McLarty: Yes.

John Mason: What is happening because the board now exists that would not be happening if it did not?

Scott McLarty: One of the strongest changes is that there is now a business voice there. We are engaging with businesses, and I see a lot of wider conversations happening through cross-agency collaboration. The conversations that we are now having with business input—for example, through our missions—have brought in other stakeholders. When we design the outcomes for our missions we consider how we engage with the ILGs that represent industry. Trade bodies are also connected into that process through our wider conversations.

We are having the right conversations with agency chairs and industry CEOs about driving forward a more cohesive plan. The ones that I have with my industry counterparts are certainly much more aligned than they were previously. Even simple aspects such as the language that we use when we talk to industry are important. Almost a different language is used inside some agencies, so our conversations and engagement have to be at the same level.

Nora Senior: We are doing two things differently in our approach. The first difference is the type of evidence that we are gathering and using; and the second is the alignment of business plans, which did not happen before—each of the agencies had their own timetable and process for producing business plans. The strategic board has ensured that the business planning process is much more aligned, and there is now a greater focus on the overall shape and structure of what

our skills system needs to look like in order to deliver Scotland's needs. That is a different approach.

John Mason: The second area that I want to touch on is equality, particularly the gender pay gap. The committee has done a considerable amount of work on the gender pay gap. How do you measure that? The figure that we looked at was the median gender pay gap for all employees, which is about 15 to 17 per cent. I have not looked into the details of the gender pay gap figure that you refer to in your report, but it is about 7 per cent. If I understand it correctly, we have a red figure for this year, which means that things are worsening, but a green figure for the five-year trend, which means that things are improving. Are all the organisations that you are involved with clear about what we are measuring and why a particular measure is being used?

Richard Murray: All the indicators in the annual analysis are from the national performance framework, so they are consistent metrics of performance. Similarly, the agencies, as Nora Senior touched on, when they are aligning their business plans to the Scottish Government's aims and objectives as set out in the NPF, are using the same measures.

You are right to highlight that the latest data in the report shows that the gender pay gap has deteriorated this year but that the five-year trend is one of improvement. Interestingly, the report also highlights some of the significant improvements in reducing the gender pay gap in rural areas. A Scottish Government report on that specific issue highlighted that the gender pay gap had narrowed significantly in mainly rural areas, too.

John Mason: I am no longer a member of the committee but, when we previously worked on the issue, there was a feeling—rightly or wrongly—that Scottish Enterprise especially, and perhaps HIE as well, just wanted to get jobs and businesses into an area and did not really care too much about whether the businesses were run by men or women. Has that changed? Can you influence that?

Nora Senior: That was before my time. It might have been to do with their targets. The measurement framework is different. The strategic board looks at equality, sustainability and wellbeing as macro performance measurements. Our instruction to the enterprise and skills agencies is to look at those macro performance indicators. If one of them is not shifting, the strategic board will come back to the agencies and ask them to identify what they are specifically doing in that area to support that macro performance indicator. The strategic board tracks equality on an on-going basis.

The Convener: Are you suggesting that you would operate positive discrimination in order to assist companies?

Nora Senior: It is not really for the strategic board to decide operationally who receives or does not receive money. Our focus is on whether the equality performance indicator is shifting across Scotland. If it is shifting, that means that some of the activities that the individual agencies are carrying out are having a positive effect. If it is not shifting as a macro indicator, that is when, as I have said, we will ask the agencies what they are doing that is not shifting it, and whether we should be doing more or less of that. We would not make the decision about what activities agencies carry out.

The Convener: Okay, but the board might make suggestions.

Nora Senior: There will be an indication of travel. The agencies have their own boards, and letters of guidance come from ministers. We have an influence and input through recommendations about what should appear in the letters of guidance, which give a direction of travel, but ministers set those.

We look at the priorities that ministers have set and the evidence that the analytic unit brings us. As I said, the clear remit is to move towards inclusive economic growth, which involves sustainability, wellbeing and equality. Therefore, the gender pay gap is one of those areas where we would say, "This is not happening, so how do we collectively support a movement in that direction by working together?"

Gordon MacDonald (Edinburgh Pentlands) (SNP): We have touched on some of what I wanted to ask about, but I have some general questions about the performance indicators.

On productivity, your report rightly highlights that, over the past 10 to 12 years, Scotland's average productivity growth rate has been 1 per cent as opposed to the UK's growth rate of 0.3 per cent, which means that we have closed the productivity gap. However, the performance indicators highlight that there has been no change and that, against—I guess—Organisation for Economic Co-operation and Development comparators, we are still in the second quartile. Obviously, we have two Governments that have influence in this area. It looks as though there has been no change, but your report says different. Could you say something about that?

Nora Senior: Productivity performance in an economy is influenced by a range of factors. It is sometimes difficult to precisely pinpoint what needs to change in order to change performance, whether that involves physical capital or human capital.

This is Richard Murray's area of expertise, so he can say more about it.

Richard Murray: You are right to say that the annual analysis highlights that Scotland's productivity ranking has not changed, so it is reported as amber. Earlier, I touched on the fact that Scotland's relative performance against the UK, which is not something that is reported in the diagram, has been strong, and that we have narrowed the gap with the UK.

It is worth noting that most of the advanced economies have experienced a reduction in productivity growth since the financial crisis. The great productivity puzzle does not affect only the UK; a number of economies have experienced those issues.

There has been no change in Scotland's international performance, but there has been some improvement in relation to the UK.

Nora Senior: The David Hume Institute produced an estimate of the productivity gap between Scotland and the top OECD countries. However, it attributed that more to the investment in physical capital and what Richard Murray refers to as total factor productivity. Those are areas that are slightly outwith the enterprise and skills remit, which is why I go back to the point about shifting productivity being not only about business support and skills development.

Gordon MacDonald: In a previous meeting, we considered the issue of the lack of data relating to Scotland's economic performance.

Richard Murray said that the report does not contain information on Scotland's performance relative to the rest of the UK. Is that an omission that should be rectified? You have got various rankings, some of which involve international comparisons and some of which involve UK comparisons. Given that the Office for National Statistics produces data for Scotland, Northern Ireland, Wales and the 10 English regions, should we not be reporting Scotland's performance against the regional data that the ONS already produces, given that we have two Governments that have an influence on Scotland's productivity? Might that help us to see where we could lever our performance relative to that of the rest of the UK in areas where we have influence? For instance, with regard to international exporting, we can promote Scottish companies to export abroad, but trade agreements must be made by the UK Government. Does that suggest that there should be more analysis of Scotland's performance against that of the UK and of Scotland's international performance?

10:30

Richard Murray: The annual analysis looks at Scotland's performance against the OECD countries. That international focus reflects the aims that are set out in the Scottish Government's economic strategy around Scotland being in the top quartile for productivity, wellbeing, sustainability and equality. For some aspects, we do not have Scottish data to compare Scotland with the OECD, which is why there are some metrics that compare Scotland with the rest of the UK. We have comparisons with the UK for all those metrics, so it would not be a problem to accompany the report with that data. We can take that forward for the next annual analysis.

Gordon MacDonald: That would be helpful for us in highlighting equality and wellbeing. We are looking at the gender pay gap and at people who earn less than the living wage. When it comes to people earning the living wage, you correctly indicated that Scotland is in the top quartile, but Scotland is not in the top quartile in relation to income inequality and the gender pay gap, yet it is performing far better than the rest of the UK.

Nora Senior: You make a good point. As Richard Murray said, that information exists. The chief economist focuses on those comparisons, so we look at those. The remit from the board is to focus on OECD countries—that was the guidance that we gave to the analytical unit, which is why it is focused more on that. We have on-going work to look at performance gaps between Scotland and successful OECD countries in those areas. Although we look more at OECD countries, the chief economist, Gary Gillespie, feeds in data for the key areas that are more focused on the UK. That is fair to say, is it not?

Richard Murray: Yes.

Dean Lockhart (Mid Scotland and Fife) (Con): Good morning, panel. Last month's economic action plan announced that a new single digital entry point would bring together the enterprise support available across the initiatives that we have heard about. I have a couple of questions on that. As I understand it, the new website is still a work in progress. First, are you able to give us a sense of how complete the website is, and does it cover all the enterprise support available? Secondly, the website will be an addition to existing websites—including the Scottish Government website—that act as signposts to enterprise support. Is there a risk of causing duplication and further clutter in guiding people towards what is available?

Scott McLarty: The test website went live in January this year and is going forward for beta testing. The objective is really to get a single entry point for businesses. I am very supportive of the

website and quite excited by it, because it fulfils a number of objectives to do with promoting further collaboration across agencies. The picture is quite confusing for businesses that want to approach the agencies for support, so the website is intended to bring all that together in one place. We need to promote the website and make further enhancements to it.

We would need to consider whether there is a cluttered landscape. There is more marketing to be done, but we will do that through the find business support service.

On the rationalisation of services and how business accesses support, I have been quite impressed by the plan that sits behind the website. As we roll it out, market it and further enhance it, it will provide a significantly enhanced service and, by providing a sharper service to business, it will potentially result in cost savings.

In some cases, it will also generate the ability for self-help. There has been quite a debate about account managed businesses versus businesses that do not need that level of service. The latter will be able to access services and find information themselves.

Overall, the website is the right thing to do. We need to promote it properly, and we are still working through the best way to do that. We certainly need some kind of campaign to place it properly in the market and—in response to your point, Mr Lockhart—make sure that it is not lost among other initiatives. However, I think it should come to the fore as the main entry point.

Dean Lockhart: That is helpful. Thank you.

Can you give us a ballpark figure on how close the website is to being the finished product? Is there a budget and timescale for its completion?

Scott McLarty: I understand that the beta testing is being done—we are working through that just now. I have reviewed the plan, along with the rest of the board. It is hard to put a figure on it, but I think that it is more than 80 per cent complete; it is certainly near finalisation. I think that the launch date is May—Nora Senior will correct me if I am wrong. It is certainly very soon.

Nora Senior: It will probably remain in beta format for a while longer. We should not underestimate the huge amount of work that it has taken to get to this point, given the number of services across the wider system. We are talking about not just the enterprise and skills agencies but other organisations, including Business Gateway and local authorities, which all deliver different types of business support in one form or another.

As we open the door, more people want to come and join that collaborative enterprise.

Therefore, I think that the site will remain in beta for a bit longer. Then, as Scott McLarty said, we need to work on search engine optimisation and absorbing information so that businesses are signposted to come through a single entry point.

Dean Lockhart: Thank you. I guess that, by its very nature, a live website is an evolving process.

The last time that members of the panel were here, you highlighted that 9 per cent of firms in Scotland embed digital in their daily operations, compared with 43 per cent of firms in some competitor countries. Are you seeing any change in the level of digital penetration in the Scottish economy?

Nora Senior: I do not have exact figures on that—Richard Murray might well have them—but I can talk about it anecdotally. The reason why we focused on business models and workplace innovation was partly that we were lagging behind in the adoption of digital.

Digital is a huge part of the joint skills plan that is being drawn up by SFC and SDS; it runs through the plan as in a stick of rock. Digital is core to the delivery of the future skills action plan.

I do not think that we have pulled out figures on digital penetration, but Richard Murray might say something different.

Richard Murray: I do not have the figures to hand, but we will be happy to get the information from colleagues and send it to the committee.

Dean Lockhart: That would be useful, thank you.

In previous answers, panel members have referenced “inclusive” economic growth, the definition of which has been a standing issue for this committee. We have asked other panels what they think it means. It used to mean different things to different agencies, which meant that there could be no hard alignment, because agencies were pursuing different objectives, in some respects. Is there now, across all the enterprise agencies, a standard definition against which inclusive economic growth will be measured?

Nora Senior: Have we finalised that? No. Is a set of words in circulation? Yes. On fair work and inclusive growth, a group was brought together across all the agencies to look at the issue. We also worked with Grahame Smith, the co-convener of the Fair Work Convention: he and Patricia Findlay have been guiding us on a form of words to define inclusive growth in plain English. I do not think that we are quite there yet, but we are working on it.

Dean Lockhart: I was interested to see that the report shows a decline in entrepreneurialism in Scotland. Why has there been a decline?

Scott McLarty: It is hard to say, to be honest. In the context of the business models and workplace innovation mission, there is a question about how we engage more small and medium-sized enterprises. My view is that large companies do quite well in that regard. We need to deploy leadership training and entrepreneurial skills as part of the mission. Leadership and entrepreneurialism can be encouraged and developed through training. It is about engaging with SMEs to drive that skill set and that behaviour.

Nora Senior: We looked at the issue in the context of the future skills action plan. The evidence suggests that in junior school there is a good focus on entrepreneurialism and encouraging innovation among young people, whereas at senior school the focus is very much on academic achievement.

That is where we seem to fall down compared to other OECD countries: we lose that entrepreneurial flair. That is an area that both skills agencies are looking at in terms of skills of the future.

Dean Lockhart: Thank you.

The Convener: Is there an issue for companies, particularly for SMEs, in engaging with some of the enterprise agencies, particularly with Scottish Enterprise? Before they can get an answer to the question as to whether the agency can help them, they have to sign up as a client; and to sign up as a client, they have to put in quite a lot of effort. A lot of SMEs step away from that on the basis that if they cannot even get an answer to the question as to whether an agency can do anything for them, they have no time to go through the process of becoming a client. If they became a client, they would go into the statistics as someone that the agencies were helping, even though they may not have actually done anything for them. The feedback that I get from SMEs is that that puts them off, and therefore they do not get involved in the first place.

Nora Senior: That is an excellent point. The strategic board started off, two years ago, by looking at the experience for a user, irrespective of their size or sector.

Scottish Enterprise is focused on account managed companies of different sizes. A key area of collaborative activity that we task the agencies with is how to make the user journey easier and more seamless. As well as the single entry portal, that is also about work behind the scenes—for example, how one collectively looks at cross-agency teams for delivery or how to make

contracts easier, so that a company does not have to sign up to four or five different agencies.

However, SMEs do not always need to come through Scottish Enterprise. They may also go through Business Gateway, which is not within the enterprise and skills remit of the strategic board—although there is a discussion to be had around whether it should be further joined up.

Going back to one of the priorities that I mentioned before, that collaborative alignment is really important. It should not matter which part of the system a company enters.

Some 98 or 99 per cent of our companies are small or medium-sized enterprises or microbusinesses. That is why we have looked at what more industry leadership groups can do to signpost to support, investment, mentoring and partnerships—to important things that can help SMEs, rather than their just going to a Government portal or an enterprise outlet.

However, you are right that it is difficult for SMEs, which do not have the time to go through a long process in order to access support.

The Convener: I wonder whether there are barriers that could be addressed, and also whether there is a lack of proactive seeking out of companies. A lot of companies do not engage. They might be high-growth companies, but they are not being sought out. The enterprise companies and the support mechanisms are just waiting for people to come to them.

Nora Senior: Yes.

Andy Wightman (Lothian) (Green): In response to an earlier question from John Mason, you said that we do not have a national asset register. What is that, and why is it important?

Nora Senior: Are you asking me, as a business person, why I think it is important?

Andy Wightman: First, what is it?

Nora Senior: A national asset register is about where the clusters of companies and skills are.

In Aberdeen, for example, there is oil and gas expertise, as we know. How could that be flexed to look at future demand for, say, renewable energy? There is also a predominance of engineers. If we were seeking to attract inward investment from an engineering company, would we not signpost them to Aberdeen, rather than to, say, Glenrothes, where there may not be a predominance of engineers?

We do not have oversight of which colleges are teaching which skills, or which universities are doing research into particular areas. We do not have an idea of where businesses, or clusters of

businesses or sectors, are based—although we are gaining it, and we have it in pockets.

It is another area that we will ask industry leadership groups to look at so that we have a road map of where our expertise lies. If you look at some of our competitors, such as Singapore or some of the Scandinavian countries, you will see that part of their economic growth has come about because they have proactively and intentionally grown certain sectors within certain economic areas. Place has been important, but clusters of skills have also been important.

10:45

Andy Wightman: I am surprised that we do not have that information.

Nora Senior: We probably do have the information, but it is in different pockets and it is not joined up.

Andy Wightman: Do you see that as your job?

Nora Senior: Yes.

Andy Wightman: Figure 5 of the supporting annex to the annual analysis report looks at the comparison indicators. Under “Carbon Footprint”, it says:

“Scotland is a world leader in terms of calculating its carbon footprint; internationally comparable data is not yet available.”

Can you explain that? There are reams of data from the United Nations and the World Bank.

Richard Murray: The issue is that we have certain metrics, but they are not necessarily calculated on the same basis as other countries. I would be happy to provide further information on that. All the information that we have in the annual analysis is based on information published in the national performance framework. When international comparisons are not available, we have used as similar information as possible. We are happy to come back to the committee with more detail on that metric.

Andy Wightman: That would be useful; thank you.

Can you say a little bit more about how your relationship with local authorities and Business Gateway has progressed during the past year? Obviously that is not part of the review and Business Gateway operates autonomously within local authorities, but I would like to know where those conversations about alignment or data-sharing, or whatever, are?

Nora Senior: Scott McLarty can answer the question on data and local interaction, and I might just give a few thoughts on how we are using the Society of Local Authority Chief Executives and

Senior Managers and the Convention of Scottish Local Authorities.

Scott McLarty: That is not part of the board’s remit, but we have engaged with local authorities and major stakeholders during our missions and projects. We are expanding our network to make sure that we get input from them all.

We have had quite a lot of dialogue at the board about how we connect with Business Gateway. It is seen as a valuable tool and it delivers locally, so we have had some engagement with it, but it is not represented on the board and we have had conversations about whether it should be. That is not where we are at.

Mr Coffey talked about region deals, the Ayrshire growth deal and that type of thing. We have connected with those councillors and made sure that we understand how we connect with those deals. However, generally it is about making sure that the conversation is connected to the aims of the board, and its missions and outcomes. The conversation is about making sure that the stakeholders are connected to the board and that we take their considerations on board.

Richard Murray: The interactive dashboard that we are developing will capture local economic and social information so that it is easily accessible and brought together in one place.

Nora Senior: We are interested in the committee’s thoughts on how the join ought to look. Because Business Gateway and local authorities sit within a different portfolio, we engage through Steven Heddle, who is a member of COSLA. He sits on the board and reports back to COSLA. We also engage with SOLACE and our latest discussions are around inviting one of its members to be an observer at the board as and when we are discussing areas that will be of mutual benefit.

A user will not really know the difference between Business Gateway and Scottish Enterprise. They might know the branding but, for them, it should be one joined-up system.

Andy Wightman: Yes. From a business point of view, that is important. The committee will have further reflections on where we think the relationship should go. The annual analysis provides a lot of useful data. We did an inquiry on economic data. Generally, how do you find Scotland’s economic data? Are there any significant gaps?

Richard Murray: A wealth of data is available. A number of developments over the past few years have expanded our knowledge and understanding of some of the dynamics in the Scottish economy. The Scottish national accounts project has been able to dissect and explore

elements of the Scottish economy in greater detail, for example by looking at different approaches to measuring GDP.

The analytical unit has been actively involved in using administrative data to explore the impact of different initiatives. For example, one of the biggest projects at the moment is tracking and measuring the returns on post-school education and skills. We are using the administrative and earnings data that is held by HM Revenue and Customs and linking it to the qualifications that people have gained. We are not just using the high level macro data; we are also looking to use administrative sources of data to get a greater sense of performance in the system.

Andy Wightman: Do you have access to HMRC administrative data?

Richard Murray: We have access to pay-as-you-earn data and are linking that to educational attainment data to inform the board about the returns across the education and school system. The big evaluation using that data is under way.

Andy Wightman: In paragraph 19 of the annual analysis report, you say that

“There are significant evidence gaps on the causes of Scotland’s productivity underperformance”

and that by the time you publish the 2020 annual analysis, you should have a clearer understanding.

How will you achieve that better understanding? What will make the difference between this year’s report and the one that we will get in, say, 10 months’ time?

Richard Murray: We are in the process of commissioning research that will dissect Scotland’s productivity performance and look in greater detail at the specific drivers of Scotland’s underperformance over the longer term against a selection of OECD countries.

We hope that that research will be able to quantify the different components of the productivity puzzle so that we can expand our knowledge and understanding of why Scotland has underperformed. That work is under way and we are due to report on it in the autumn. The research will shed new light on the issue.

Andy Wightman: The annual review says that there are “evidence gaps”—that implies that there is information that we simply do not have. You are talking about doing further research. Will that be primary research to get new data or a more sophisticated analysis of existing data?

Richard Murray: It is the latter—a more sophisticated use of the existing data and, in particular, the use of new data sources at European Union level. There are new data

sources that will help us to get underneath the bonnet of productivity in a way that we have not been able to do before. The project aims to use new data and new techniques to shed light on that challenge.

Andy Wightman: Will we continue to have access to the EU data or will we be barred from doing so?

Richard Murray: The information from the EU is open access.

Andy Wightman: Okay. Thank you.

Rhoda Grant (Highlands and Islands) (Lab): We heard earlier that Scottish Enterprise has changed its strategy quite dramatically. What is the strategic board’s role in reviewing that strategy and seeing how it fits with the national performance framework?

Nora Senior: The strategic board does not get involved in micromanagement of what Scottish Enterprise does within its operational plan. We focus on the strategic aims and on ensuring that there is an alignment and a shared vision between the agencies. It is a matter for their boards in the first instance to determine how they align their activities within their business plans. We would look at the macroeconomic indicators.

Rhoda Grant: The Fraser of Allander institute said in a recent report that there was

“no evidence”

that those who had obtained support from the enterprise agencies had

“experienced improved turnover or productivity”.

Do you think that the new strategy will impact on that?

Nora Senior: Do you mean Scottish Enterprise’s new strategy?

Rhoda Grant: Yes.

Nora Senior: That piece of evidence was really interesting. Business support did not necessarily align or show a direct correlation with an increase in productivity, although it did align with an increase in employment, which has a positive impact on some of the other macro indicators, such as wellbeing and equality. If we look at the overall productivity basis, we see that business support hits some of those indicators; it flexes to change and work for some of those macro performance indicators in a different way.

Rhoda Grant: You will have heard recent reports that Scottish Enterprise and Highlands and Islands Enterprise are not giving support to new companies at the moment. That does not help anybody, given the economic circumstances.

What is your role in getting to the bottom of what is affecting their budgets to that extent?

Nora Senior: I go back to the strategic board's role. When we looked at the evidence two years ago on which areas would make a difference to growth and productivity, we looked at exports, future skills, business models, workplace innovation and business creation and growth, and we asked the agencies to work together to focus on those areas. It is for them to decide what they believe is the best way to achieve the support of those missions within the framework of their wider remits. The strategic board looks at the high-level area of how their strategies impact on the shift of those higher-level macro indicators, rather than at their individual targets, which their boards will look at.

I talked about the alignment of the business plan. I suppose the conundrum for some of us businesspeople on the board is that, in business, we would create a plan, look at where the growth sectors were and which areas we would focus investment on, and then align a budget to support that and put resources behind it. In the Scottish Government and the enterprise agencies, it is a slightly different world, in that Government gives an allocation of budget and then the agencies have to—almost—reverse engineer their plans into that expenditure.

It has also become obvious to us as board members that budgets are sometimes allocated in multiyear chunks and it is difficult, when there is a shrinking or a reduction in a budget, for the agencies to look across the piece and sustain the investment that they have made to date. We set them the task of thinking about how they could invest to best effect and what they would stop doing if they had only a finite amount of money. Some of them will have to make hard choices. Based on the evidence that came through, which showed that business support aligns with an increase in employment but not necessarily with an increase in productivity, the boards will have to make decisions on where they believe that investment will have the biggest and best effect.

Rhoda Grant: However, if they cannot invest at all, they will not meet any of their performance targets.

Nora Senior: There are different ways that funding can be found from different sources. We can consider the creation of the Scottish national investment bank, or the reinvigoration of industry leadership groups and how they can signpost to different areas or methods of investment. It is about taking a system-wide approach; it is not just about what Scottish Enterprise or HIE can do in their individual areas, or south of Scotland enterprise, which will come into being on 1 April. It is about looking across the piece and considering

how we can get the agencies to work together better to make better use of the £2.2 billion that is spent on the enterprise and skills system.

11:00

Rhoda Grant: If business investment is to go through the Scottish national investment bank, it begs a question. What is the role of the enterprise agencies if it is not to support business?

Nora Senior: I do not think that all investment will go through the Scottish national investment bank. The agencies are still creating their operational plans but, as far as I can see, there will be a focus on account managed companies, although perhaps to a lesser degree, and more of a focus on the growth area of medium-sized companies, which have perhaps not had that focus previously.

Rhoda Grant: I go back to my earlier point. If the enterprise agencies do not have the money to invest, how can they make that change?

Nora Senior: Unfortunately, we do not have any jurisdiction over the allocation of funding—that is a matter for ministers and the agencies. We can only make recommendations on the areas that we believe ought to be focused on in order to drive inclusive economic growth, which are the missions that we agreed in our strategic plan.

Alison Harris (Central Scotland) (Con): In December 2018, the committee was told that the analytical unit was using the agencies' management information and existing performance frameworks to shed light on the agencies' contribution to outcomes and impacts. Will you update the committee on how that work is progressing? When will we see the outcomes?

Richard Murray: One of the key planks underpinning the performance framework is the logic model, which tracks the agencies' activities right the way through to impacts and outcomes, including how they tie in with the strategic board's four aims of raising productivity, sustainability, equality and wellbeing.

Over the past year, we have worked collectively with the agencies to group the range of activities that they are undertaking into what are called activity bundles, and we are linking each of them to short-term and longer-term outcomes. We are also assessing the strength of the evidence base in each activity bundle. A huge amount of work has been done to establish the bundles and link them to the alignment of the business plans—the short to medium-term outcomes that the agencies have.

A lot of work has been done to group the range of activities, and we are now assessing the strength of the evidence within those activities with

a view to then reporting back to the board and making publicly available the information that we have across the system on the strength of the evidence on where some of the biggest returns are accruing and where there are key evidence gaps. We hope to conclude that work in the next couple of months.

We are not idle in relation to other work. We have touched on the work on innovation that is under way, which will help to inform that piece of the jigsaw, and the largest evaluation that we are undertaking is on returns in relation to post-school education and skills. That is a massive investment—it is the largest bit in the system—and that work will conclude towards the end of the year. We are tracking those activities, which will populate that picture of the enterprise and skills system. We will make that available to the committee and put it online.

Alison Harris: Does the strategic board share the committee's concerns about the challenges in linking enterprise agency spend and activity to outcomes and existing monitoring activities such as the national performance framework?

Richard Murray: Yes. It is difficult to track the individual activities right through to outcomes. The further we get along the chain, the more challenging it is. In collaboration with analytical colleagues in the agencies, we have been drawing together the evidence of those linkages so that we can track the activities that the evidence indicates will have greatest impact. That work is on-going.

One area that we have identified where we can help to facilitate greater collection of data is innovation. We have been actively working with the agencies—and we have a project under way—to ensure that the right information is collected to enable those types of impacts to be assessed, rather than just looking at some of the output indicators.

Alison Harris: The June 2019 board minutes noted that the chair was

“seeking clarity over funding and the need for”

the analytical unit

“to remain independent.”

Will the chair update the committee on the outcome of those discussions?

Nora Senior: The analytical unit has its budget for the year and a programme of work that has been agreed by the board. There are currently seven full-time equivalent individuals in the unit.

Alison Harris: What about the need for the unit “to remain independent”?

Nora Senior: The unit was established to look from an objective perspective at the data that the

agencies and the Scottish Government produce, and it remains the case that that is how the data is being looked at.

Richard Lyle: I want to ask about the real living wage, which has not come up yet. In 2019, 83.1 per cent of employees in Scotland received the real living wage—that was up 2.5 percentage points from 2018, when the figure was 80.6 per cent. That was ahead of England's 70.9 per cent, Wales's 77.4 per cent, Northern Ireland's 74.9 per cent and the figure of 79.9 per cent for the UK on average. What part does the strategic board play in promoting the living wage? Do you promote it?

Nora Senior: We do not have any jurisdiction over financial allocations. Do you mean within the agencies or the companies—

Richard Lyle: I take it that you support the living wage.

Nora Senior: Yes—absolutely.

Richard Lyle: Do you follow that through, where you can, with the organisations and people that you deal with?

Nora Senior: On the living wage part of the fair work agenda, we have asked for all the agencies to adopt the principles of fair work. As I have said, internally, we are agreeing on the use of language so that there is commonality among the agencies. Externally, it will be mandatory for all companies that engage with the south of Scotland enterprise agency to abide by or adhere to the principles of fair work. We encourage the other agencies to think about that.

John Mason: I want to touch on Audit Scotland's report “Enterprise and Skills Review: Core areas of audit interest”, which came out last May. One of the points that Audit Scotland made was that the strategic board does not have formal powers to instruct any of the agencies. In your answers to questions from members—particularly Rhoda Grant and Richard Lyle—you said that the boards make decisions and you cannot make funding decisions for them. Did Audit Scotland have a fair point, or is that simply something to note?

Nora Senior: I think that it is something to note. Scott McLarty can add his opinions, but we are a strategic board, and the agencies' operations have to be dealt with by their own boards. Our focus has to be on the high-level movements on which we can come back and hold the agencies to account. However, we do not have formal powers over the agencies.

John Mason: Does the strategic board find that frustrating at times, or is it happy with that?

Nora Senior: The strategic board is still young. We are homing in on where we are most

purposeful and can add value, and that is in the area of alignment. The agencies do not yet have the ability to collectively align. The first time that the chairs and chief executives ever sat round a table was when the strategic board was created. That had simply never happened before. I think that these things will evolve.

Scott McLarty: Would it be easier if the board had more powers? As Nora Senior said, we have got all the agencies in one room, and as she said in her opening statement, aligning the operational plans is one of the biggest things that has been done in recent times. We got the chairs and heads of the agencies together to align their operational plans around one shared vision and the same timing plan, and we can have the same discussions about outcomes and how they fit into the agencies' operational plans. The agencies have all signed up to supporting the board's strategic plan, and they have built those outcomes into their operational plans and aligned around them.

We are making progress in working with the chairs and the CEOs to ensure that they align around the strategic plan and around the Government's economic strategy and economic action plan. We have seen strong progress, even though we do not have direct powers to tell the agencies what to do.

John Mason: Audit Scotland made the positive point that the Scottish Government now has a more joined-up approach to how different parts of Government instruct the agencies. However, it also made the point that the letters of guidance that agencies get do not always provide fixed timescales for when they should do things. I guess that that is because agencies are all at different points along a trajectory and it will take longer for some of them to get there than others. Do you agree with Audit Scotland that there should be more fixed timescales?

Nora Senior: The business alignment planning process, which is what we are working towards, could not have been changed overnight, because some of the agencies already had their plans in place and were implementing them, whereas others had not quite started the planning process.

We asked to start off with a pyramid approach, whereby ministers got their letters of guidance and priorities clear, because if the agencies were given a particular brief and the briefs were not joined up, that would be a recipe for disconnect. We start with the letters of guidance coming out at the same time, then look at a timetable for starting the process. We are just now getting the agencies into alignment, because they were at different points on the timescale, but there will be a much more joined-up approach in the future.

In the strategic plan, we made 18 recommendations to the Scottish Government. Those were in part about how it flexes and presents the directions that it gives the agencies in conjunction with one another.

The Convener: To round off the session, I want to talk about international activities. The committee will review the enterprise agencies' work in that area this year.

I see that Nora Senior noted in the June 2019 minutes that the Scottish Government spending review would be

"an opportunity for the system to work together better, for example in the international space and in sharing services."

Will you expand on what issues are currently in the international space?

Scott McLarty: The issue that we were looking at was that not enough Scottish businesses were exporting; we were considering how we could boost exports, which is an important goal of the First Minister.

The best example is in our work on the trading nation, which Nora Senior mentioned in her opening remarks. We looked at how the Scottish Government and enterprise agencies could boost and support the education and tourism sectors and specific industrial sectors by taking the one-Scotland approach. The outcome was our exporting mission, which led to the trading nation outcome. That was the main delivery mechanism for our plan to boost exports. The programme has now been taken on by the Scottish Government. It has been very successful as a programme, although it is still in the early days.

The Convener: When you say, "it has been very successful as a programme", what measures did you use to determine that?

Scott McLarty: I just meant from the point of view that we now have just one approach and one plan. We need to measure the outcomes of that. It is a little bit early to say, but we have had broad engagement from industry, tourism and the other sectors and I think that we now have a more cohesive plan.

The Convener: So you expect that, as we go through our work programme, we will see some positives from that.

Scott McLarty: Absolutely. We expect you to see positive outcomes. We need to look at the indicators, as it is a little bit early to say what the outcome will be, but given that we have one plan and one, joined-up approach, we should be seeing a stronger outcome from that.

11:15

The Convener: Is it one plan that will suit all sectors?

Scott McLarty: It suits the priority sectors. There is still work to do to engage other sectors, but our focus is on the key sectors that have the ability to export.

Dean Lockhart: I want to follow up on international activities. Last year, it was announced that there would be a review of the globalscot network. Can the panel provide an update on where we are with that review?

Scott McLarty: Not specifically—we will need to take that question away. Certainly, there was an agreed action to look at how we re-energise the globalscot activity. I do not have an update, so we will need to come back to you on that.

Dean Lockhart: Is that something over which the strategic board has oversight?

Nora Senior: It would be part of looking at export indicators, although that is more an operational activity; Scottish Enterprise has been looking at that. The strategic board will get a report back, as it does when it looks at exports and gets an update on the mission. The question of how the network has been re-energised or restructured is one that we would feed in, but we would not have direct influence over that unless the approach was shown not to be helping.

Dean Lockhart: Having looked at the export strategy, do you think that the globalscot network needs re-energised or reformed in some way?

Nora Senior: Yes. I would say that as a businessperson. It is not used as proactively as it could be.

The Convener: Members have no further questions, so I thank the panel members for their evidence. Do you want to add anything that you feel that we have missed or that we have not raised during the session?

Nora Senior: No. I have to say that you have been very thorough in your questioning. Thank you for giving us the opportunity to come and speak with you.

The Convener: If anything else arises, we would be happy for you to write to us. Thank you for your attendance.

11:17

Meeting continued in private until 11:58.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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