



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit Committee

**Thursday 9 May 2024**

**Session 6**



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**PUBLIC AUDIT COMMITTEE**

**15<sup>th</sup> Meeting 2024, Session 6**

**CONVENER**

\*Richard Leonard (Central Scotland) (Lab)

**DEPUTY CONVENER**

\*Jamie Greene (West Scotland) (Con)

**COMMITTEE MEMBERS**

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)

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

\*Graham Simpson (Central Scotland) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Colin Cook (Scottish Government)

Aidan Grisewood (Scottish Government)

Gregor Irwin (Scottish Government)

**CLERK TO THE COMMITTEE**

Lynn Russell

**LOCATION**

James Clerk Maxwell Room (CR4)



## Scottish Parliament

### Public Audit Committee

Thursday 9 May 2024

*[The Convener opened the meeting at 09:00]*

### Decision on Taking Business in Private

**The Convener (Richard Leonard):** Good morning and welcome, everyone, to the 15th meeting of the Public Audit Committee in 2024. The first item on our agenda is to agree or not to take agenda items 3, 4 and 5 in private. Are we agreed?

**Members** *indicated agreement.*

## National Strategy for Economic Transformation

09:00

**The Convener:** The second item on our agenda is further consideration of the Auditor General's briefing on the national strategy for economic transformation. We are pleased to be joined in the committee room this morning by three witnesses. First, we have the director general of economy in the Scottish Government, Gregor Irwin. Mr Irwin is joined by Aidan Grisewood, who is the director of jobs and wellbeing economy in the Scottish Government, and by Colin Cook, who is the director of economic development in the Scottish Government.

We have quite a number of questions to put to you this morning, director general, but before we get to those, can I invite you to make a statement to the committee?

**Gregor Irwin (Scottish Government):** Thank you, convener, and thank you for the opportunity to provide evidence to the committee today.

NSET has an explicit focus on delivery. Two years in, we have made good progress. To date, we have completed 17 of the actions that were identified in NSET, with a further 44 currently progressing. Our achievements include investment of £42 million in our national Techscaler network to support the next generation of start-ups, more than 25,000 houses connected through our R100—reaching 100 per cent—programme, and setting up and now implementing the recommendations of the First Minister's investor panel.

There is, of course, always more to do, particularly as this is a 10-year strategy. NSET was always designed to be flexible, to ensure maximum impact on our economic performance and value for money. We have learned and continue to learn what works well and areas where we can improve.

Audit Scotland's report is timely, as we consider refreshing NSET two years after the strategy was first introduced. The recommendations on monitoring, evaluation and the use of targets are all important and helpful to us.

As part of that work on NSET, we are examining its governance and preparing advice for ministers so that we can ensure that that continues to meet the highest standards while being proportionate. We are at a moment of transition ministerially; that process is mid-flight. Of course, that will have an implication for what we are able to say to you today. However, we will do everything possible to address your questions.

As accountable officer, I can say that the importance of Audit Scotland's work in this area

really matters a great deal. I am very grateful for that.

**The Convener:** Just taking up your last point about the work of Audit Scotland really mattering, do you accept the conclusions and recommendations in the Auditor General's briefing?

**Gregor Irwin:** We absolutely welcome the recommendations. We will address those as part of the advice that we give to our new ministers as we approach the question of refreshing NSET. The report provides quite detailed and specific advice in a number of areas. We are very happy to go into the detail of that. In many areas, it very much aligns with our thinking and it will align with the advice that we put to ministers, but we need to progress that with ministers. The report is extremely helpful and useful for us.

**The Convener:** If you do not mind me saying so, director general, that is a rather ambiguous answer. Do you accept the recommendations and do you accept the conclusions of the Auditor General on NSET?

**Gregor Irwin:** We accept the broad thrust of the recommendations. There are one or two detailed specific areas—I could give you examples—where we might want to probe a little bit more deeply. However, we welcome the report and accept the broad thrust of the recommendations. I could give you examples, if you would like, of where we might want to probe the detail a little bit more.

**The Convener:** Yes, well, we will probably get to those. I am sure that people will draw their own conclusions from your answers.

Can I take you to the key messages in the briefing that is before us? Key message 3 talks about political leadership and the gap in political leadership. In particular, the Government said in, I think, 2022 that it was going to establish an economic leadership group chaired by the First Minister, but that has yet to meet. Could you explain that for us, please?

**Gregor Irwin:** Yes. It is true that the economic leadership group has not met as originally planned. The reason for that initially was the challenge of getting ministerial diaries to align and finding the appropriate moment to have the meeting of that group. There has certainly been collective ministerial oversight of NSET and very substantial involvement of ministers over the past two years.

The delivery board, which is a core part of the governance of NSET, is co-chaired by the economy secretary, who is now the Deputy First Minister. That role is a key role in terms of providing an escalation route to the Cabinet and

for engagement with ministers right across the Government.

There are a number of ways in which we have had ministerial oversight of NSET, including through the cabinet secretary engaging bilaterally with ministers and cabinet secretaries in other portfolios—I would be happy to explain more about how that has worked in practice—and in ministerial groups such as the public sector and economy ministerial group, which has now been replaced by the performance and delivery ministerial group, which is chaired by the previous Deputy First Minister and has addressed the NSET issues in a number of areas.

That does not change the fact that the economic leadership group has not met, and that was an action in NSET that has not happened. However, there have been many other ways in which there has been collective ministerial oversight of NSET.

**The Convener:** Sorry, did you say earlier on in your answer that this was an issue about co-ordinating diaries?

**Gregor Irwin:** That was a challenge initially—before I joined the Scottish Government—when looking to establish that group. Aidan Grisewood may be able to expand on that, if that is useful.

**Aidan Grisewood (Scottish Government):** Yes, I am happy to. A date was fixed for a meeting and then, unfortunately, the First Minister had another priority and was not able to take that forward. It was just a period of time. The group was only ever going to meet twice a year. There is obviously a lot of work early on in setting up the governance throughout. As Gregor Irwin said, a year in, there is quite a lot of change in the overall governance across the Scottish Government and the ministerial accountability overall, including things such as the public services and economy ministerial group that oversaw economy matters across the piece. We had a number of cross-cutting portfolio issues that went to that group for discussion.

With the previous First Minister, we also set up a whole process of accountability directly to him on mandate commitments through the policy prospectus, and a regular process of accountability directly to cabinet secretaries on that. That included core NSET commitments.

There was a process of evolution and thinking forward about how we get cross-Government oversight of this in a way that marries with other governance arrangements across the piece to ensure that we are not duplicating or confusing that accountability.

**The Convener:** We will get on to duplication later on. The leadership group has not met, even though it was a central part of the strategy for

economic transformation. Can you remind me again who is on or who is supposed to be on the economic leadership group?

**Aidan Grisewood:** Cabinet secretaries' portfolios have changed over the past two years. However, the membership was key cabinet secretaries who had responsibility for actions within NSET at the time, as well as the president of the Convention of Scottish Local Authorities president. That was set out in the accountability framework that was shared with you, I think.

**The Convener:** You were not able to co-ordinate the diaries of half a dozen, at the most, cabinet secretaries and the president of COSLA to fix up a meeting of the economic leadership group. The Auditor General told us on 14 March that the economic leadership group was a key part of the Government's NSET accountability framework. I am struggling to understand why it has not met. I do not know who can answer that question.

**Gregor Irwin:** One of the reasons why I sense that the immediacy of the need to set that up has diminished over time is that ministerial oversight of NSET has been provided in alternative ways.

**The Convener:** Has the economic leadership group been scrapped?

**Gregor Irwin:** We will be putting advice to the new ministerial team on future governance of NSET, in which we will look at all aspects of governance. However, this is one area that we will specifically look at.

**The Convener:** There is a possibility there will be no leadership group in the future. In practice, there has not really been one in the past either, has there?

**Gregor Irwin:** We need to put that advice to our ministers and to address that with them at the appropriate time.

**The Convener:** As part of the revision, are you taking into account the termination of the Bute house agreement?

**Gregor Irwin:** Right across the Government, the termination of the Bute house agreement will be a factor in considering the policy choices of the new ministerial team. That is true in all policy areas. However, the new ministerial team is only just being assembled. The approach that we will take to that will be subject to advice to those new ministers once they are fully in position.

**The Convener:** When you say "new ministerial team", do you mean the First Minister? The cabinet secretary responsible for the economy remains the same, doesn't she?

**Gregor Irwin:** No, it is the new Deputy First Minister who is responsible for the economy.

**The Convener:** There may well be a revision in light of the Bute house agreement being terminated, I would speculate, but you may not need to answer that, director general.

Can I also turn to a point that I raised with the Auditor General? I know that you were not in post at the time, Mr Irwin, but I was struggling a little bit to understand why the previous strategy from 2015 was not updated in light of the Brexit vote in 2016. That quite clearly is a potential economic shock and a change to the framework in which you work. Of course, the UK left the European Union in January 2020 and there was no reset of the strategy at that point either. Can you offer any explanation why that would have been?

**Gregor Irwin:** Do you mean the previous strategy from 2018?

**The Convener:** There was a strategy that was launched in 2015.

**Gregor Irwin:** The 2015 strategy. I do not know whether either of my colleagues can help with that. I would say that the principle of ensuring that the strategy is current, that it is focused in the right areas and that it takes account of changing external circumstances, and the new opportunities and challenges that those present, is important and is certainly part of our current thinking as we look at the potential to refresh NSET.

**The Convener:** There is one final thing from me before I pass over to the deputy convener. You will see that, in exhibit 1 of the Auditor General's briefing, he gives examples of NSET actions, which are lifted directly from the Government's strategy. It includes action 6:

"Create a national system of pre-scaler hubs that will stimulate the very earliest stages of high growth commercial and social entrepreneurship."

Action 15 states:

"Build strategic partnerships with other key entrepreneurial ecosystems in other countries."

What does that mean?

**Gregor Irwin:** I will ask Mr Cook to address that.

**Colin Cook (Scottish Government):** I understand the point, because I saw the questions that you put to the Auditor General in which you suggested that that was jargon. I accept that, to some audiences, it would be seen as jargon. For those working within the ecosystem, if I may, of organisations that support economic development in Scotland, it is a very recognisable term.

The pre-scalers are organisational constructs that help people start a business, to help them think through how they deal with all the legal necessities that come with starting a business, developing a marketing plan and looking forward

to a future. The point about international links is that the strategy around entrepreneurship is to position Scotland as a start-up nation. That means that we need to look externally, compare ourselves to other countries and make links to other countries that are going down similar routes. That is what it refers to. It refers to the links to countries such as Lithuania and Estonia, which are known to be at the forefront of entrepreneurship.

09:15

**The Convener:** I am not sure that many people would describe themselves as pre-scalers. I have to confess, Mr Cook, that it sounds less like jargon and more like gobbledegook to me. You do not have to answer that.

**Colin Cook:** We take the point and we will make sure that our terminology appeals.

**The Convener:** I am glad that we have made a difference on the Public Audit Committee. The deputy convener, Jamie Greene, has some questions for you.

**Jamie Greene (West Scotland) (Con):** Good morning, gentlemen. Let us go back to where we started. If we look at page 11 of the Auditor General's report, paragraph 17, the opening line states that

"The Director General for Economy is the accountable officer for delivery of the NSET."

I appreciate that your brief opening statement claimed that progress has been made, but you are yet to convince me. As the accountable officer in charge of the delivery of NSET, in what way have you made progress?

**Gregor Irwin:** I would say that we have made significant progress. There is obviously room to make further progress. Of the actions set out in NSET, 17 are complete and 44 are in progress. I suggest that the key achievements include the investment in the Techscaler network that I referred to earlier. Seven regional hubs are fully operational. They are providing education programmes, mentoring and support, as well as incubation spaces for over 700 founders. That is real, practical help and support. There are also over 2,700 community members.

Just last month we launched Scotland's migration service. That is helping to address the demographic challenge and the challenges that we face in a declining workforce, which is a really important economic challenge for Scotland. It is about getting the best out of what is possible within the current migration system.

I think that we have made really good progress on fair work conditionality. That means that recipients of public sector grants are now required

to pay at least the real living wage. The coverage of the real living wage is high. Obviously, there is room for it to be higher.

I mentioned the First Minister's investor panel. The commitment in NSET was to establish the panel. We established the panel. We worked with the panel so that it could produce its recommendations, which it has now done, and we have accepted the recommendations. We have an implementation plan and are working through the implementation of those recommendations. You can see that a single small action within NSET has produced a whole work programme that we are now diligently working through. Again, it is addressing an important challenge for Scotland, which is to make sure that we are competitive in attracting internationally mobile capital. That links into other areas, such as the challenge of ensuring that we are investing to support the net zero transition and the opportunities that that presents.

I could point to other examples. I will point to just one more, which is the opening of Scotland's National Manufacturing Institute, a really good bit of infrastructure that is helping to promote growth in our manufacturing industry, and a good example of how the Government, in partnership with others, can make a practical difference.

**Jamie Greene:** That is all good work and I think it is to be commended. You cannot detract from positives in that respect.

Our point of view is that we are reflecting on the Auditor General's commentary. I will come to some of the specifics. Two things have jumped out that were flagged by the Auditor General and which seem to have come to pass. One is the clear inability to monitor progress through specific targets and the other is the lack of political leadership.

In the first 20 minutes of the meeting we have heard that there is clearly a lack of political leadership. You are the accountable officer—you are not accountable for ministers and what they do—but we certainly have not seen political leadership in this respect in the last two years.

As for monitoring progress—you mentioned some successes—it is very hard to measure success if you do not know what you are measuring against. Why are there no clear, specific economic output metrics or targets that NSET is working towards? Could you enlighten me, for example, on how many jobs have been created through the strategy? How has gross domestic product improved? How has productivity improved? How many new start-ups are there and how much economic growth has occurred as a result of the strategy? If we do not know that, it is very difficult to say whether you have been successful or not.



**Gregor Irwin:** I might turn to Mr Grisewood on the question of metrics in a moment. However, I suggest that there has been quite strong and consistent political leadership. It has not come through the economic leadership group, which has not met, but it has been very evident in a number of other areas. That includes the work of the cabinet secretary on the NSET delivery boards and the work of successive cabinet secretaries, working bilaterally with other ministers. For example, Ms Màiri McAllan, who was our cabinet secretary until very recently, met with the former Deputy First Minister to address the question of how NSET will relate to the medium-term financial strategy that is currently in preparation, and what opportunities are there.

As Aidan Grisewood mentioned, it is very clear in the policy prospectus and through mandate letters and through the commitments that have been created for individual cabinet secretaries how that relates to NSET. Then, of course, there are other ministerial groups, including now the performance and delivery ministerial group, where there is ministerial oversight of NSET. That political leadership is there. It has come in many different forms. The Cabinet Secretary for the Economy, now the Deputy First Minister, is a core person in providing that leadership and ensuring that it is coherent.

**Jamie Greene:** Before we come on to targets and metrics, because they are important and it is an area of questioning that we do want to go into, at what point did you, in charge of the strategy, not flag with either the First Minister or someone senior in Government to say, "Guys, you have to sit around the table and have a meeting"? How can two years pass and colleagues who sit next to each other in the parliamentary chamber not sit next to each other in a civil service room somewhere and ask what progress is being made on the strategy? Is it just that they had meetings, but you were not party to them? Did you not flag to them that this was important? Were you not chasing them for meetings? At what point did you say, "This is not working."?

**Gregor Irwin:** I was very much part of those meetings and processes that I have just described. Officials are part of the performance and delivery ministerial group. I think that it is fair to say that as director-general and accountable officer, I have not felt starved of ministerial attention when it comes to NSET. Equally, as we have acknowledged, more than two years into NSET, it is appropriate to take stock of what has worked, what is working and what could be improved. We will, of course, put advice to our ministers, including on this question of governance.

**Jamie Greene:** If you scrap the economic leadership group, what do you think you would replace it with? What would be a suitable way to oversee the delivery of the strategy?

**Gregor Irwin:** I would not, at this stage, want to speculate on the advice that we will provide to our new ministerial team, but we will build on what works well and will seek to improve that and seek to ensure that the governance is proportionate but also effective in delivering that collective ministerial oversight of NSET.

**Jamie Greene:** Mr Grisewood, in what way numerically has Scotland's economy improved as a result of your strategy?

**Aidan Grisewood:** The economy covers everything. As you will be aware, to reference the point we made earlier, Brexit has had an impact on the economy overall and we are understanding and estimating that. We also had a cost crisis shortly after publication.

**Jamie Greene:** Yes, but your strategy has been lauded as having had success. Numerically, what economic success do we have?

**Aidan Grisewood:** We can point to specific projects within NSET and what they have achieved in terms of delivery. We have an evaluation programme that looks at specifics. For example, an evaluation of export support found that export sales grew by over £1.6 billion over the last few years and a further £2.7 billion is expected over the subsequent three years. That was an explicit targeted bit of evaluation work and some recommendations flowed from that. Similar work was done on inward investment, too.

I could talk about a number of areas. In employability, for example, we have done very detailed evaluations of fair start Scotland and we are also monitoring progress on no one left behind. We are tracking the key labour market inactivity objective within NSET and we are able to look specifically at what we have done and how that has flowed through into the number of people receiving a service and the follow-through in terms of outcomes and people getting into jobs.

What is much more difficult is that the labour market as a whole is subject to all sorts of external factors and economic shocks that are difficult to foresee. That is why we were hesitant in thinking about a 10-year strategy. To be able to predict what GDP would be in the absence of NSET and what it would be with it, is a very hard question.

**Jamie Greene:** Is that not part of the problem? It is not a direct criticism of those involved in the delivery of the strategy, but you have something that is impossible to measure because it feeds into a much wider macroeconomic situation. Therefore, it is very difficult to quantify whether you are doing

well, whether the strategy is working, whether it is performing relative to value for money and whether many of the criticisms that are in the Auditor General's report are valid or not. Is that not an impossible task that you have, to prove to us, to the Auditor General and to the Government that the strategy is working and is worth while? How can you refresh something if you do not know what effect it is having on the economy?

**Aidan Grisewood:** It is very difficult. It is more difficult on something like the economy as a whole than it would be, for example, for a transport programme, where you can do some modelling in advance based on previous behaviour and transport patterns. You have reasonable expectations of what might flow through in terms of usage and economic benefit. Then you can evaluate subsequently by monitoring the number of people going over the bridge, for example, and whether that was what we expected. The economy, however, is inherently complex.

We are trying to break down that complexity. Part of that has been thinking about the programmes themselves. What are the foundations and what are the indicators for each programme? What is important? Then, what is the flow through? What is the logic chain in terms of what we are doing that could impact upon that outcome? Then we do evaluations and appraisals based on that.

We have started the process of logic mapping against each of the programmes. We map the flow, from what we are doing to the outcome, and then we put in place metrics that reflect what we are achieving against the outcome, and what we are learning as we go along. We also think about what the interim steps are on the way, which allows us to say confidently that we have a line of sight to where we want to get to and which we need to track the delivery of progress on the way to that outcome.

The earlier example of the unemployment objective is a good one. We are developing our infrastructure and capability to measure progress—what money is going in, what the outputs are, what the impact is: all parts of the chain—so that we can track that and report back on it accordingly.

**Jamie Greene:** The risk is that you are hanging on the coat tails of other things that were happening anyway. I heard in your opening statement that the roll-out of R100 was one of your great successes. That was happening anyway: it was a Government project that was funded centrally from the United Kingdom Government, so of course it was going to happen at some point. However, whether it is a measure of success of NSET is debatable.

On that note, director general, I apologise if I do not use the specific wording, but I think that you said that you “welcome” the recommendations and “accept the broad thrust”. That, as the convener mentioned, does not sound entirely like acceptance of the recommendations. I would like you to be specific as to which of the comments, phrases, criticisms, recommendations or summaries in the Audit Scotland report you do not agree with, and why.

09:30

**Gregor Irwin:** The specific example that I draw your attention to is the question whether there are routes for the delivery board to escalate major delivery concerns. That route most definitely exists, and the route is the cabinet secretary, who co-chairs.

**Jamie Greene:** Let us point to page 10 of the report. There is a very helpful—

**Gregor Irwin:** I am sorry. I am looking at page 5—the recommendations.

**Jamie Greene:** Page 10 has is a nice visual version. In the middle we have dotted lines between the NSET delivery board and the economic leadership group, which we know has been a failure. However, below that, there is the relationship between the NSET portfolio board, the programmes and the economic strategy unit, then with the Scottish Cabinet and corporate governance within various directorates-general. The bit in the middle, in the dotted square, says:

“No formal connection set out in NSET Accountability Framework.”

That is the missing link—the key missing link—but you are saying that it is not.

**Gregor Irwin:** I can explain that. Could I draw your attention to page 5 of the briefing and the first bullet point? The recommendation is to

“Establish the Economic Leadership Forum, as set out in the NSET Accountability Framework, or put in place an alternative mechanism to provide the planned political leadership of the strategy and route for the delivery board to escalate major delivery concerns.”

I would say that a route through which to escalate major delivery concerns exists, and that that route has been provided by the cabinet secretary, and now the Deputy First Minister, who is co-chair of the delivery board.

Alternative mechanisms have been put in place to provide the planned political leadership. They include a combination of things: mandate letters that flow from the policy prospectus, which sets out commitments of individual cabinet secretaries; bilateral engagement between the Cabinet Secretary for the Economy and other cabinet secretaries; and the work of what was the public

sector and the economy ministerial group, which has now become the performance and delivery ministerial group, which, ultimately, includes the Cabinet.

You might ask whether that is the best alternative mechanism, given that the economic leadership forum has not met. We believe that we can and should, two years into the strategy, and as part of a review of how it is functioning, take stock and provide advice to our ministers to ensure that we get that right.

**Jamie Greene:** Either the Auditor General was incorrect in his analysis of the arrangements or what you are describing does not exist. One of those must be true.

**Gregor Irwin:** I am suggesting that the planned escalation route and an alternative mechanism to provide political leadership have been in place and are in place. There is, potentially, room for improvement. It is just good practice to test periodically whether the system is working as well as it could work. It is not working as originally envisaged, as is set out in page 10 of the report: that is factually correct and is our assessment of how it works in practice, at the moment.

**Jamie Greene:** I think that the importance of the economic leadership group has unearthed itself in the course of the meeting. I am sure that it is regrettable that the group has failed to give the leadership that it has been given its due place. I am sure that that is something that you will consider, moving forward.

I am sure that colleagues will mention other areas of interest on which it sounds as though you might not particularly agree with the Audit Scotland report. I am sure that we will elicit those from you over the course of the meeting.

Convener—I am happy to pass on to colleagues.

**The Convener:** I invite Colin Beattie to put some questions.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** Money—that is probably the most important element in the mix. You talk about funding and you talk about investment. They are not necessarily the same thing, of course. Your annual report refers to £9.8 billion of investment, but there is no detail. How much money is needed to deliver NSET plans? Where is the funding coming from?

**Gregor Irwin:** I will start to answer your question, then I might ask Mr Grisewood to come in, as he is our finance director and is heavily involved in this part of NSET.

As has already been emphasised, NSET is, of course, a 10-year strategy. It is not a strategy that

lends itself to being set up and at its outset clearly identifying everything that needs to be done for it to be successful, costing that and putting in place budgets for that.

That is the case for a number of reasons. Some of the actions in NSET are, quite naturally, well defined and lend themselves to being easily costed—for example, the Techscaler programme. Other actions are more open ended and less well defined at the outset, which is appropriate and entirely correct. The example that I have used already is the work of the investor panel. The NSET action was to establish the investor panel, which was a relatively straightforward step to take. However, the implicit consequence of that, of course, is that we follow through and address and implement the recommendations of the investor panel. Some elements of the recommendations have financial costs that were not, of course, foreseeable when NSET was originally envisaged.

A comprehensive ambitious strategy that is seeking to reach across Government, is multiyear and extends well beyond the normal Government budgeting horizon, needs to be flexible and adaptable. Part of that is the need to adapt to external circumstances. If you look back two and a half years to when NSET was on the verge of being launched, you see that we have gone through a cost of living crisis and an upwards lurch in inflation and interest rates, which are now, thankfully, moving downwards. The external environment that we are operating in has become even more complex geopolitically, which has had economic consequences. It has had fiscal consequences for the Government and has created new challenges, which has impacted on our ability to support all aspects of the programme.

**Colin Beattie:** You might not be able to tell me what it will cost in 10 years' time, but you must have some idea of how much the things that you are working on cost and where funding comes from. I would have thought that you would look at funding for projects right up front, otherwise they will not happen. The funding can come only from private investment or from Government. How is that being managed?

**Gregor Irwin:** The normal yearly budgeting process is key to ensuring that we have adequate funding for the NSET programme each year. In addition, resource spending reviews gives a multiyear perspective. We also have the medium-term financial strategy, which is due to be published soon. However, I will let Aidan Grisewood come in.

**Aidan Grisewood:** NSET plays a key part in the thinking about the priorities for the budget and for the programme for government. In the internal process during the resource spending review we went through NSET and looked at every single

policy commitment across the Government, and we identified which NSET commitments played into that prioritisation. Prioritisation was very tough because of the overall financial envelope that we had to play with. However, markers saying that things are an NSET project were factored into decisions about priorities overall. That process influenced and had a role in informing decisions.

More recent decisions have been about, for example, prioritisation of offshore wind. The programme for government commitments on that and the work on enterprise that Colin Cook mentioned are core parts of NSET. They come with options on the scale of projects and on how quickly to take them forward, which we then need to feed into the budget process. Decisions come with evidence to support them; they need to be backed by reasonable evidence that can justify the expenditure. There are loads of processes.

We have, inevitably, to retain flexibility when we do not know the overall fiscal envelope, and when we are talking about a programme that is as big as the economic transformation programme and which crosses so many areas. I think that the now Deputy First Minister, when she was at the Economy and Fair Work Committee shortly after publication, said explicitly that

“the strategy has to be flexible and high level enough to adapt to emerging situations”.—[*Official Report, Economy and Fair Work Committee*, 16 March 2022; c 3.]

That is an inevitable part of a 10-year programme. You need broad vision and perspective, you need a pipeline and you need to be flexible and to adapt what comes through that pipeline of projects. At the point of making a decision to go ahead, you have to be confident that what is being done is affordable, impactful and deliverable.

NSET, in particular, is important in terms of metrics of success, with the work on evaluation that I talked about earlier. We also have disciplines internally, as part of the budget process, to ensure that we have the money to follow through.

**Colin Beattie:** My concern is that, in all that you have said, you have not mentioned a single figure. You have given no indication of the scale of funding that will be needed at any stage. You surely must have some idea of what the funding will be this year or next year, in the short term, even if you cannot talk about the long term. Where is the money coming from and where is it going?

**Aidan Grisewood:** We do work on such questions. As part of budget work, our role involves not just looking at our own portfolio, which we support, but saying, “What are we doing on the economy across the piece? What is part and parcel of delivering the economic transformation?”

That played into our confidence in estimating that more than £5 billion of capital that was put in the budget would deliver economic transformation. We did work around that on skills, housing, transport and the offshore wind commitment. We play into that as it informs budget choices, to ensure that the overall package is aligned with what we are trying to do in economic transformation. As I said, we can cost that in a particular year.

We do not have an overall estimate of the entire NSET programme and all those actions, because a lot of them are not yet fully scoped. We do not necessarily have a timescale for all of them, partly because we do not yet know the overall envelope. At budget times, when decisions are made, we present such choices to ministers.

**Colin Beattie:** You must have some idea of the funding needs. You have not given me any impression at all of where the funding will come from, what its scale is and where there might be potential shortfalls because of a struggle to put the cash together to achieve what is needed. I am not hearing any of that.

**Aidan Grisewood:** There are certainly challenges. When the then Deputy First Minister was in front of the Economy and Fair Work Committee to talk about NSET and the budget, he was very transparent about choices that had to be made as part of the emergency budget review, for example, including on NSET programmes. Funding for employability programmes was reduced at that point as a consequence of the funding situation. There is openness, including openness in delivery plans about things that are being taken forward or paused.

The scale of the overall programme across the piece is multibillion pounds over 10 years. On the digital roll-out, the next stage that goes beyond 5G needs to be fleshed out. It relies partly on UK Government funding, as was mentioned. The transport programme is another NSET action. It is huge and involves lots of issues, so it cannot be quantified confidently in its entirety over the next five or six years; it involves an inherent uncertainty.

**Colin Beattie:** You cannot be stumbling forward blind without knowing what the costings will be and where the money will come from, yet I am hearing nothing. You are giving me process and a lot of verbiage around it. However, at the end of the day, there are no hard facts on where the funding is coming from—whether it will be private or from the Government—and where there could be shortfalls. I would have expected all that to be key information that you would have at your fingertips.

09:45

**Aidan Grisewood:** Because of the nature of the programme, its scale and its longevity, we cannot have that level of detail. However, what we do have is detail on what we are taking forward through the budget process that supports the economy, so we can identify that.

On that, I should say that we also did work to track expenditure. We are quite open about that and it came out in the report that we are in the process of changing our systems internally. We looked into that process of being able to identify what is an NSET action, get the costs for that across the piece and be able to track that. We made the choice that, as things stand, the systems could not support that level of analysis in a proportionate way. We have confidence that, through the programme for government, in terms of setting priorities and at budget, we are in a position to make decisions collectively and advise on what is important for the economy, what the package is overall, the cost of that and whether it is affordable.

Through the multiyear resource spending review process, we identified across the piece what is an NSET action. That informed difficult choices around the resource spending review and what was taken forward. As we know, since then that financial envelope has changed again because of economic events.

**Colin Beattie:** Gregor Irwin, did you want to come in?

**Gregor Irwin:** You have raised an important point about the balance between private finance and public finance. That also speaks to the inherent difficulty of being able to put firm figures on the scale of public financing that is required. To give you an example, I have referred to the work of the investor panel previously. The investor panel was asked to advise on how we can make Scotland more competitive in attracting internationally mobile capital, specifically with a focus on net zero transition but linked to ensuring that we exploit fully the opportunities from offshore wind. This is a core part of what we are trying to do in the new market opportunities programme of NSET.

Going through that process with the investor panel, taking its recommendations and implementing them, has allowed us to shift that balance between public financial support and private financial support. Part of our challenge is to leverage that public financial commitment, which is very significant—£67 million of capital spending in this financial year for offshore wind—but to leverage that to do the best possible job of bringing in private finance alongside that.

I do not think that would have been possible for us in that exercise 18 months, two years or two and a half years ago to establish exactly what the balance would be between private finance and public finance. However, in the light of that work, we can see how we should progress and how we can get maximum impact and maximum value for money for the public funding that is being committed to that, including £67 million this year.

**Colin Beattie:** I find it disappointing that there is a lack of detail around the funding. Maybe it is something that the committee needs to pursue in order to get some understanding as to how this is all working, because I am none the wiser than when I first started asking the question. I know a bit more about process, but I do not have any real grip of what the figures are.

I will move on from that. There are obviously connections needed across the different Scottish Government directorates and so on. How do the directorates work together to agree on shared NSET funding priorities? How does that work? How do you prioritise?

**Gregor Irwin:** The portfolio board that I chair brings together director generals from the most directly relevant parts of Government. That provides a vehicle for us to identify where the challenges in delivering on NSET priorities are greatest, where there are funding challenges and how they might be resolved, and through that to ensure that our advice to our ministers really does reflect NSET in the prioritisation work that goes on in preparation for not just the budget but other important points, as part of the broader fiscal decision-making process, whether it is a resource spending review or the medium-term financial strategy.

The portfolio board provides that means to look across different parts of the Government, but ultimately it is through the budget process itself and related fiscal processes that those trade-offs are addressed.

**Colin Beattie:** Yes, I can understand that prioritisation happens in the budget process, but there must be on-going discussions between the directorates as and when opportunities arise, and perhaps when there are gaps in the funding and you have to prioritise where you plug these gaps and who will be prioritised. There must be something on-going.

**Gregor Irwin:** That is a constant process. Of course, that is how government works and that is how good government should work. We should be constantly probing whether we are delivering best value for money as and when new opportunities emerge. We need to exploit those.

**Colin Cook:** As Gregor Irwin has just said, that cross-directorate discussion, consultation,

agreement and reprioritisation is very much part of the DNA of how government works. For example, one of the actions that is committed to within NSET is the development of what is described as a net zero industrial strategy—it tends to be called a green industrial strategy. To dejargonise it, that is a collaborative piece of work between teams working in Gregor Irwin's DG area and teams working in the DG area represented by Roy Brannen, which looks at the environmental side of the Government's business. That is a joint piece of work on which we share ideas and will make a joint recommendation to ministers.

**Gregor Irwin:** To build on that example, we have just been through a very difficult budget process, as I am sure you are aware, and even though the responsibility for offshore wind does not sit within DG Economy, offshore wind is important for NSET as part of the WENZE portfolio. It is central to our ability to deliver in the new market opportunities programme. However, within those budget discussions we sought to prioritise funding for offshore wind because we recognise that now is a critical moment to seize the opportunities from attracting investments into offshore wind and the related supply chain. That is an example of difficult decision making and trade-offs and prioritisation being made at official level to support our ministers and their decision making. That is how it works in practice.

**Colin Beattie:** I will leave it there with funding. However, I cannot say that the responses that I have had are very satisfactory.

**The Convener:** I now invite Willie Coffey to see how much satisfaction he can get.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Let us put it to the test, convener.

Good morning. Before I ask about reporting and evaluation plans, I want to return to a point that was made by one of my colleagues about the roll-out of the broadband programme. I think that he suggested that it was the UK Government that funded that. However, as we all know, the Scottish Government funded it, despite its being a reserved UK matter, to the tune of about £600 million. If memory serves me right, the UK Government's contribution to that was £49 million—in other words, about 10 per cent of the input from the Scottish Government. Gregor Irwin, could you confirm that those figures are reasonably accurate?

**Gregor Irwin:** I do not know whether Aidan Grisewood—

**Aidan Grisewood:** I am sorry—I do not have that information to hand.

**Gregor Irwin:** I am afraid that we do not have that information to hand. Your characterisation

seems reasonable to me, but I am looking at Colin Cook to see whether—

**Colin Cook:** I do not have the figures for the R100 programme to hand. It is fair to say that the roll-out of broadband has been a joint initiative between the Scottish Government and the UK Government and that, in many cases, significant contributions have been made by Scottish local government over many years. It has always been approached as a collaborative exercise.

**Gregor Irwin:** If you would like, we could write to you with confirmation of those figures.

**Willie Coffey:** That would be appreciated.

The fact that the UK Government's planned project gigabit scheme is a £5 billion scheme would suggest that Scotland should receive some £450 million in consequentials to take many of the premises in question to gigabit capacity. Do we have that money yet?

**Gregor Irwin:** I am afraid that I am unable to answer that question directly.

**Aidan Grisewood:** That includes the future years as well, does it not? My understanding is that work is being done at the moment to develop a business case around the next phase of the roll-out of the gigabit programme. Obviously, that will play into any refresh of the strategy that we undertake. Digital colleagues are working on that, including on sources of funding around all of that.

However, that is being developed, so decisions will still need to be taken about how much is allocated to that and about prioritisation. That process will need to be gone through in order for that to be confirmed.

**Willie Coffey:** Project gigabit has been around for a wee while—it is not yesterday's news—so I would have expected a part of those consequentials to have arrived on our doorstep by this time. I would appreciate it if you could update the committee if and when that happens.

Gregor, on the reporting and evaluation side of things, you said in your opening remarks that you were refreshing and reviewing quite a number of these things. While colleagues have been chatting, I have been having a look at the NSET annual progress report from last June, in which the Auditor General's briefing highlights that there is

“a lack of detail on when actions are expected to be delivered”.

I can see that—the NSET report from last June is full of things called “Ambition indicators”. That is another bit of jargon for committee members. It is not clear to committee members—or, perhaps, anyone else—what is meant by that, or what the outcomes of some of the actions have been.

You have spent a little bit of time telling us about some of the positive deliverables that there have been, but why are we not beginning to see those things in a formal report such as the NSET progress report, so that we can clearly see the outcomes, the benefits and so forth? Could you comment generally on whether that style and nature of reporting and evaluation is clear enough for everyone to understand?

**Gregor Irwin:** I might bring in Mr Grisewood in a moment on the question about the nature of the annual report and whether and how we could improve that.

I think that this is one of the many areas where Audit Scotland's recommendations are right. There are valid questions to be asked about the specificity of the outcomes and actions, and the timing associated with those actions. At this stage, when we are more than two years into a 10-year strategy, it is natural to think that we ought to be able to provide more specificity there. That is one of the issues that we want to raise with our ministers as part of a refresh—although I give the caveat that we have not yet had the opportunity to discuss that with our new cabinet secretary.

However, two years in, it is quite legitimate to suggest that we should be able to be more specific in explaining the timeline for some of the actions, although not all of them, because some of them are, by their very nature, further down the natural sequence in which we would wish to take them. In addition, as I have mentioned already, some of those actions beget other actions; in some cases, they beget additional programmes, such as the investor panel work, the Withers review of the skills delivery landscape and the green industrial strategy work.

The challenge of ensuring that we are being specific in terms of outcomes and actions is an important one. On the question of how the annual report addresses that, I will bring in Mr Grisewood.

**Aidan Grisewood:** I think that that is a helpful steer. I agree that we need to move on from using high-level metrics to report on delivery and to try to bring into the annual report some of the evidence on what we have done and what the impact has been in terms of the commentary, as well as the data around that.

I recognise that, as the process develops, we should not necessarily always default to the previous format of the annual report. As our knowledge matures and—as I hope it will—our ability to identify that evidence improves, the report needs to develop. That is a fair comment.

10:00

**Willie Coffey:** We on the Public Audit Committee love timeframes and targets—we live by them—and we and the public make judgments about whether the Government has met them. Although the targets are helpful, the closer you can get to such a reshaped reporting mechanism, the better it will be for us. Looking forward to the next report, it would be of great benefit to have reshaped reporting on timeframes and targets that can be and have been achieved.

I would like to ask about the regional dimension of the national strategy. I represent Kilmarnock and Irvine Valley, which is in Ayrshire. What is in it for people in my constituency? From the Auditor General's report and some of your comments earlier, all that I know about is the £50 million for just transition, the £42 million for Techscaler—I know what Techscaler is—and so on, the £25 million for ScotWind projects and the £10 million for hydrogen projects. There is a variety of projects, some of which you mentioned, as well as the 25,000 homes that have been connected through R100.

How do we show the various regions of Scotland that they are part of the national strategy and that we are all benefiting? In the framework, you talk about regional inequalities. In any further reporting, I would expect to see information on how the strategy reaches the various regions. I am sure that colleagues will feel the same way. What is in the strategy for us in our various parts of Scotland? I am particularly interested in Ayrshire and what our slice of this cake is. How do you plan to develop that aspect?

**Gregor Irwin:** I will ask Mr Cook to address that.

**Colin Cook:** I would say that the commitment to regional economic working, to the development of regional economic strategies and to the role of regional economic partnerships is a distinct theme in the national strategy, and I think that it will continue to be over the long term. The opportunity that the regional economic partnership in Ayrshire has to define its priorities and to secure investment through the growth deal and other things that it is focused on provides an example of how regions can develop distinct propositions for their area. There is an opportunity to do that, and our commitment is to build on that and to support more regional economic thinking and working.

**Willie Coffey:** I appreciate that, but some of the projects that I mentioned a moment ago are items of national spend. They are the result of a national strategic decision—a Scottish decision—to spend on targeted areas of the economy. When my constituents knock on my constituency office door

and say, “Where are ours?”, what do I say to them?

**Colin Cook:** The regional economic partnership in Ayrshire is developing, and it is the appropriate vehicle to articulate the specific strengths of the region and the opportunities that you want to address. There should be a constant dialogue between those regional economic partnerships, which include access to all our national programmes and agencies. They should be making those priorities clear, engaging with us and making the best of the national programmes. National programmes hit the ground in specific places in local areas, so they are looking to support distinct strengths in individual towns, cities and regions.

**Willie Coffey:** I simply make a plea—I am sure that other members will agree—for us to be able to see on a regional basis, if at all possible, what the shared benefits are, because at the moment it is difficult to see that. For the R100 programme, it is easy to see that. We can see that throughout our constituencies and regions, but I would certainly appreciate it, from the point of view of the bigger picture, if that regional outlook was woven into the fabric of the supporting mechanism so that we can see that taking place.

**Colin Cook:** We are happy and very keen to do that as part of the reporting. I am sure that we would look at things such as the development of the space cluster around Prestwick as an example of where a local or regional priority is being supported nationally by our agencies, and I hope that that becomes successful over the longer term.

**Willie Coffey:** Thank you.

**The Convener:** Before I bring in Graham Simpson, I want to probe that issue a little more. Does the Government have a position on ironing out regional imbalances? Does it have a regional policy in that sense or not?

**Colin Cook:** On the economic side, it has a position that says that regional economic working is increasingly important and that one of the roles of Government with its long-term economic strategy is to enable those regions to identify their priorities and come up with opportunities. The Glasgow city innovation district and the Glasgow riverside innovation district are good examples of regional economic priorities translating into meaningful economic initiatives that link to the national strategy on issues such as innovation and entrepreneurship.

Yes, our commitment is to support individual regions, to give them a voice and to make an impact on the basis of priorities that they identify and decide reflect the strengths that they believe are there.

**The Convener:** But that is a bit different from a conventional regional policy that might identify Edinburgh as overheating and other parts of the Scottish economy as lagging badly behind, with higher rates of unemployment and worklessness and lower levels of economic activity. Does the Scottish Government take a position on that, or does it not really have that in its sights?

**Colin Cook:** I think that it would be for others to comment on the broader regional economic policy approach of the Scottish Government, which, as you say, goes far beyond the economy. What I can describe is our commitment to regional working and the way in which agencies such as Highlands and Islands Enterprise focus explicitly on that region. We have set up South of Scotland Enterprise to support the south of Scotland.

From an economic point of view, we have a very clear understanding that regional economies are important on a national and, indeed, an international scale, and that one of our roles is to support them through NSET.

**The Convener:** Okay. I will move things along, because we are against the clock a little. I invite Graham Simpson to put some questions to you.

**Graham Simpson (Central Scotland) (Con):** It has been an interesting session so far, although clearly a bit frustrating for some of my colleagues. I would like to go right back to the beginning of the meeting, to a question that the convener and the deputy convener asked. I am still not sure what the answer is. The question was whether you accept the recommendations of the Auditor General.

As the deputy convener said to you, Mr Irwin, your answer was not clear. You said that you accepted the “broad thrust” of the recommendations, but wanted to probe deeper into them. When you answered Mr Greene, I think that I heard you say that there was only one recommendation—the first one, which is on page 5 of the briefing—that you were not too happy with. Is that the only one?

**Gregor Irwin:** We have already addressed that first recommendation on page 5. We accept the other recommendations on that page. They present challenges to us, but we will take the advice and we will seek to address the recommendations. We will, of course, need to do that at the appropriate time, and we will offer advice to our ministers as to exactly how we should do that.

**Graham Simpson:** Apart from the first recommendation, you accept all the recommendations and you will act on them.

**Gregor Irwin:** Yes.



**Graham Simpson:** I do not know why you did not just say that right at the beginning, but that is clear now.

I cannot remember whether it was Mr Irwin or Mr Grisewood who said that this is a 10-year strategy and that 17 actions had been carried out and 44 are in progress. Is there a list of those?

**Gregor Irwin:** Yes, and the updated list will be published as part of the annual report next month.

**Graham Simpson:** So it is not published yet.

**Gregor Irwin:** Was a list published in the previous annual report?

**Aidan Grisewood:** Yes, it was in the previous annual report. We have given you updated figures on the current status in advance of the annual report being published next month.

**Graham Simpson:** Okay.

I will go back to another question that the convener asked, in which he was essentially railing against Government waffle on page 7 of the briefing.

**The Convener:** Do not put words in my mouth. [*Laughter.*]

**Graham Simpson:** I am putting words in the convener's mouth, but that is essentially what he was saying. He could not quite get around the Government speak, and he read out action 6, which starts:

"Create a national system of pre-scaler hubs".

I think that I know what a pre-scaler hub is. Is that related to Techscaler and CodeBase?

**Colin Cook:** Yes. Techscaler focuses explicitly on high-growth potential companies and taking them to the next level. The pre-scaler—we may look for a more acceptable term—would effectively be a feeder organisation to Techscaler. It would operate more on a community level to widen access to entrepreneurship and make it easier for people to take the first steps when starting a business.

**Graham Simpson:** Essentially, you are identifying people with what you might call good ideas and helping them to turn those into a business.

**Colin Cook:** We are looking for people who have that ambition. NSET talked about creating an entrepreneurial culture and mindset in the country, across all regions and communities. Pre-scalers—or however we describe them—are, we hope, opportunities to give people access to the best possible advice and the system that exists in Scotland to support businesses to develop if they wish to. Not all entrepreneurs and business leaders wish to scale their businesses, but pre-

scalers would give them access to the support and education that they would need, should they choose to do so.

**Graham Simpson:** Is the chief entrepreneur, Mark Logan, involved in all this?

**Colin Cook:** Mark Logan is intimately involved in all of this. It is very much an agenda that he has developed alongside ourselves and ministers.

**Graham Simpson:** I read recently that you—or maybe Mr Logan—had opened up a base in San Francisco. What was the cost of that?

**Colin Cook:** I am afraid that I have not got the costs of that with me.

That has been part of the commitment that is described in NSET to make international links with entrepreneurial activities in Scotland and give founders and people who are scaling their businesses access to the very best in education and training, and access to the best opportunities to secure investment. We believe—I think that most people would accept this—that some of the most progressive thinking and many of the biggest companies and investment have always been in silicon valley. Therefore, taking Scottish entrepreneurs there is the right thing to do.

Mr Logan has been talking about maybe repeating that exercise in Singapore and I think that he has a twinkle in his eye about Dubai. Those are international ecosystems that are successful in starting and scaling businesses. We want Scotland to be considered alongside them and we certainly want our entrepreneurs to draw on the lessons have been learned in those places.

**Graham Simpson:** Yes, Mr Logan certainly gets about. Can you describe the San Francisco operation? Are you flying Scots out to San Francisco and giving them an office?

**Colin Cook:** We flew a cohort of entrepreneurs out to San Francisco, where there was a pop-up base that they could use. I am afraid that I do not have the details about the costs of that. They engaged with fellow entrepreneurs who were experiencing the same things as they were, and they engaged with investors. They have proved successful in attracting attention—people are coming to this country and asking questions about the organisations and businesses that we have here—so it has been a hugely successful enterprise.

**Graham Simpson:** Can you quantify that? Are you able to provide the committee with some details?

**Colin Cook:** I will come back to the committee on the specifics of that particular programme.

**Graham Simpson:** That would be very useful. Mr Beattie asked about funding, and he was very

frustrated at the answers that he received, so perhaps I will have a go. Page 13 of the Auditor General's briefing refers to areas relating to direct investment by the Scottish Government. There is a list. How comprehensive is it? Do you have it there?

**Gregor Irwin:** Page 13?

10:15

**Graham Simpson:** Yes. It says:

"The NSET delivery plans include detail of funding commitments for some activities ... £50 million for the Just Transition Fund ... £42 million for a tech scaler programme"—

which we have just discussed—

"£25 million of supply chain investments as part of the ScotWind developments ... £10 million hydrogen innovation scheme"

and

"£4.7 billion of Covid-19 related business support."

Is that it or is there more?

**Aidan Grisewood:** There is more. Those are the ones that are specifically quantified, but things such as implementing our strategic transport projects review conclusions, which I mentioned before, would cost millions of pounds on top of that. There is a series of other things that are not completely costed. The list shows examples of things that we have clear costs on; £42 million for Techscaler is a clear cost. Other things are more open-ended or multiyear.

**Graham Simpson:** But you have no costs for them.

**Aidan Grisewood:** There will be others in there for which we have costs. On whether it is comprehensive, no, it is not a comprehensive list of everything in the programme.

**Graham Simpson:** Can you provide the committee with more information on the costings?

**Aidan Grisewood:** We could see whether there are more specific examples to add to the list now that things have moved on since the delivery plan was published.

**Graham Simpson:** Mr Beattie was looking for a figure. On page 13, the briefing says:

"The NSET annual report references around £9.8 billion of investment for actions."

Would £9.8 billion be your budget, then?

**Aidan Grisewood:** The budgets that we have in the Scottish Government are set out by portfolio. There is no dedicated programme budget for NSET. Each portfolio has a budget and, within that, there will be commitments that they have made that are NSET actions to take forward.

**Graham Simpson:** Is there no actual NSET budget?

**Aidan Grisewood:** There is not a dedicated NSET budget, so there is no part of the budget documentation that sets out a dedicated budget line for NSET. It is done by portfolio, and that is where you have the discipline around affordability and decisions that are made by individual accountable officers. Hence the need for the portfolio board to bring together those accountable officers from across the Scottish Government so that, when we provide advice to the delivery board and ministers on what we take forward, that is informed by what is affordable in the portfolio budgets.

**Gregor Irwin:** There are good reasons for that. Quite a few of our budget lines seek to meet more than one objective. For example, Aidan Grisewood leads on employability funding, which is directly relevant to our economic objective on reducing inactivity and to our child poverty objectives. Within the £9.8 billion figure, there is a significant component of transport investment, and transport is, of course, an important public service as well as being directly relevant to NSET.

We can see examples in other areas, such as education and skills. Skills provision is, again, an important public service and, equally, it is directly relevant to NSET. In many instances, our budget allocations seek to meet more than one objective.

**Graham Simpson:** You were asked right at the beginning about the economic leadership group, which has not met. Am I right in thinking, just from your answers, that your recommendation will be that we should just forget that, because you have other things in place?

**Gregor Irwin:** No. If you look at the conclusion in the briefing about an absence of political leadership and a lack of an escalation route, you will see that we suggest that there should be both an escalation route and political leadership. However, we are two years into NSET and, given that the economic leadership group has not met before, given the experience over the past two years and given the political changes that we have seen, now is a good moment to put fresh advice to our ministers on the matter, and we will set out a range of options to them.

**Graham Simpson:** Is it your view that we do not need an economic leadership group?

**Gregor Irwin:** An economic leadership group is one means to provide political leadership of NSET, but it is not the only means to do so.

**Graham Simpson:** Clearly.

**Gregor Irwin:** Political leadership has been there over the past two years. I would not fixate too much on the terminology "economic leadership

group” or the proposed membership of the group. It might well be that, in the light of experience over the past two years, there are better ways to provide that political leadership compared with either how it has operated over the past two years or how it was originally proposed. That is exactly the sort of advice that we want to put to our ministers.

**Graham Simpson:** Given that we do not yet have the economic leadership group—by the way, I am not at all fixated on it, but it was promised, it has not met and it does not exist—is it your view that we do not need it because we have other things in place?

**Gregor Irwin:** My view is that good political leadership has been provided by other means. However, two years in, and in the light of experience, it might well be that we can improve on that. We can make it more efficient and impactful, and it is a good opportunity to take stock and provide fresh advice to our ministers on that question.

**Graham Simpson:** That is clear enough. I think I have covered everything, convener.

**The Convener:** Can I then ask a question about progress on plans to update NSET? Where are we with that? We have spoken a few times this morning about the reset and refreshing. I completely understand the fact that the turbulent political times and changes might have inhibited the extent to which you can answer some of the questions firmly. However, could you tell us what your expectation is about the timescales, and what the scope of the update is likely to be?

**Gregor Irwin:** The original timescale that we set out was that we were looking towards publishing our conclusions around September 2024. The question of the timing, the scope of the refresh and how extensive that is are precisely the questions that we need to raise with our new ministerial team, and I am afraid that I cannot preempt that. Obviously, I have a good understanding of previous cabinet secretaries’ views of that, but those questions need to be addressed with the new ministerial team at the appropriate time and in the appropriate way. However, the timing is still very feasible.

We will have the publication of the annual report in June, and that will potentially provide a moment to go into more detail on the nature of this work. It is a decision that our new cabinet secretary, the Deputy First Minister, will need to take, and we have not yet been able to offer that advice to her.

**The Convener:** I reflect on the fact that one of the recommendations is about clearer timescales, as well as clearer targets, and I think that we would all welcome greater clarity over the future of the strategy, what it will look like and when we will

be able to rejoin a public debate about it. After all, it is not just the property of the Government; it is about engagement with other stakeholders who will deliver it. If we are genuine about wanting to see a transformative change in the economy, achieving that will demand popular support right across the board.

I will close the evidence session now. There are a number of areas where you have agreed to provide us with further written information. As I always say, we prefer to get accurate information rather than speculative information from our witnesses, so we will very much appreciate it if you provide us with that information timeously.

I thank all three of you—director general, Colin Cook and Aidan Grisewood—for your time, the evidence that you have given us this morning and the information that you have been able to supply us with. I move the committee into private session.

10:25

*Meeting continued in private until 11:16.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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