

WORKING COLLABORATIVELY FOR A BETTER SCOTLAND

Outline Strategic Plan
June 2018

**ENTERPRISE & SKILLS
STRATEGIC BOARD**



WORKING TOGETHER FOR A BETTER SCOTLAND

The Strategic Board, comprising individuals from business, trade unions, education providers, including universities and colleges, and the public sector, was established following an end-to-end review of key public agencies involved in Scotland's enterprise and skills system*.

Its purpose is to guide smarter integration and alignment of the services that the agencies provide, with the overall aim of driving inclusive and sustainable growth, good quality jobs, improved wellbeing and a better environment for people of all ages, across the whole of Scotland.

* Scottish Enterprise; Highlands and Islands Enterprise; Skills Development Scotland; the Scottish Funding Council; (and the new South of Scotland Enterprise Agency once it is formed).



The clear aspiration is to contribute to a more inclusive economic growth path for every part of Scotland and one that continues to grow over five, 10, 15 years and into the long-term future.

To achieve that, the aim of the Board is to support the agencies in delivering improved services; a 'seamless' experience for businesses and other organisations across the system; and better pathways to new skills for the learner. By focusing on these areas, the agencies can deliver a higher return on the £2.4bn of public money that Scotland currently invests in people, businesses and communities through the enterprise and skills system every year.

The Board recognises that rapid changes are impacting on Scotland's economic prospects. Geopolitical tensions, rising protectionism, new technologies, and issues such as depopulation, migration and Brexit, are all affecting businesses and changing the nature of work. We have high numbers in employment but little real wage growth, increasing inequality and rising in-work poverty. Productivity gains are sluggish and that means slower growth in living standards for us all.

Scotland also has a distinct business structure – of the 365,600 private sector enterprises operating here almost all (98.3%) are small (0 to 49 employees), 3,855 (1.1%) are medium-sized (50 to 249 employees) and 2,365 (0.6%) are large (250 or more employees).

The challenge is to identify the right interventions, which can be delivered at the right time to the right people to ensure, as a country, we drive inclusive growth, while building in a resilience to economic shocks and preparing for future opportunities.

Against this backdrop, and having interrogated evidence relating to the drivers of productivity in other countries, the Board has identified a first 'tranche' of priorities

First of all, to support our enterprise and skills agencies in their endeavours to adopt new approaches and ways of working, which put the learner and customer at the heart of delivery and ensure all parts of society have access to the system. Considerable work is already underway in this respect (see Section 3.)

Secondly, to identify a set of missions that have the potential to achieve an uplift in productivity, creating better jobs and better standards of living across the country.

The first missions will cover Business Creation and Growth; Business Models and Workplace Innovation; Skills of the Future and Exporting. You can read more about these in Section 4.

Over the coming months, working with the enterprise and skills agencies and others who can make a difference, we'll be developing plans to drive inclusive and sustainable economic growth through co-ordinated improvements and enhanced interventions in these areas.

Measurement will be key. A new Analytical Unit, set up to support the work of the Board, will introduce consistent forms of performance measurement across the agencies to determine if these interventions and strategies are working as drivers of growth.

The Board will act as a catalyst for greater collaboration not only between the agencies, but also fostering closer dialogue with others – including local authorities, Business Gateway, social enterprises, trade unions, industry, academia and business organisations. If Scotland is to succeed in growing its economy, maximising opportunities and reducing exposure to economic shocks, we need to share smart ideas across the system and deliver them together to secure better results for all our communities.

Business has a critical role to play in participation: taking advantage of available assistance; adopting new technologies and management practices to make the workplace more efficient and fair; accessing international opportunities; and investing in its management and workforce as a proactive user of the education system including universities and colleges. Industry in Scotland needs to step out from the sidelines and be more ambitious.

We need to ensure that Scotland is ready for new opportunities and new challenges. This document signposts a new direction of travel and way of working collaboratively, recognising that significant activities are already underway. By working together we can make a measurable difference and help to build a better Scotland for all.



Nora Senior
Chair of the Enterprise & Skills Strategic Board

OUR SHARED AMBITION

→ Board Priority

For Scotland to rank among the top countries for productivity, equality and wellbeing and sustainability.

Levels of productivity in Scotland are lower than those of our nearest competitors. What Scotland produces (and earns) is 79% of the level that would get us into the top quartile of OECD countries. If it could be grown by a quarter it would plug this gap, helping to create better quality jobs and boost working incomes.

The Board has a shared ambition to drive improvements in productivity as a means to future prosperity, but improving the performance of any business can be difficult, risky and costly. Being able to respond with the right interventions, at the right level and the right time are key to scaling-up, attracting talent, supporting innovation and delivering the education and skills that are needed for inclusive economic growth.

Partnership and collaborative working across the enterprise and skills system is key. By the time the Strategic Board was formed in December 2017, improvements to partnership working were already underway in response to the Phase 2 findings of the Enterprise and Skills Review. Our role is to build on this momentum and provide a structure that enables every provider – including our agencies, but also other public, private and third sector organisations – to work together seamlessly to offer a 'no wrong door' service to all customers including learners, employees and businesses.

The system the Strategic Board aspires to has partnership at its core. We want all agencies working together to deliver easy access to world-class services for learners and businesses, in rural areas as well as in our cities. The Review was clear that adopting a regional focus can help drive inclusive economic growth based on the respective assets found in different places, communities and regions across Scotland. Almost one-fifth of Scotland's population lives in rural areas, and ensuring that all parts of Scotland benefit from sustained economic growth – and contribute to it – is essential to Scotland's long-term prosperity.

Our approach to regional growth considers the dynamic of Scotland's cities, wider regions and rural areas. We want to encourage success and opportunity across the whole of Scotland. Inspired by the approach of Highlands and Island Enterprise, the South of Scotland Economic Partnership is now helping to pave the way for a new regional enterprise agency that will foster inclusive growth, increase competitiveness and support resilient communities in that area.

Regional Economic Partnerships are also under development across Scotland. Building on progress made by City Region and other growth deals, they can improve regional economic performance through the development of bespoke regional policy solutions (e.g. in digital, skills, etc.) devised by neighbouring local authorities and their partners. The work of these evolving partnerships will be supported with the analytical tools and data available from Scotland's new Centre for Regional Inclusive Growth.

The enterprise and skills system is essential in helping to support businesses to grow and maximise their potential. The focus is on delivering a coherent 'system' approach for all users (see Section 3). Together we can identify the key trigger points for business growth and the barriers that hinder business ambition. We want to foster a better culture for 'scaling-up' businesses and for tackling the gender-gap in new business creation. This is in tandem with a continuing focus on innovation – as new technologies continue to change how we communicate, work and deliver services.

We know that the most innovative economies are more resilient to changing conditions and more successful in international markets. In Scotland, the Innovation Action Plan, delivered through SCOTLAND CAN DO, is working to boost performance by directly encouraging businesses to innovate. We also want to see more open 'challenges' from the private and public sector, giving Scotland's university researchers and others the opportunity to create 'world first' solutions across different sectors and different places.

Evidence also tells us that an open international profile boosts economic performance. We'll look at how we currently help businesses to trade internationally; what works well and what we could do better; how we attract foreign investors; and how we can work with others to improve Scotland's profile around the world. Currently, just 70 companies generate half of Scotland's exports; so the potential to achieve growth by connecting many more businesses with the right support is enormous.

1 Introduction

Underpinning all of this must be a high skilled, high performing and inclusive labour market. We must ensure our system is focused on the skills needed by businesses to grow our economy, the training needed to give our young people the best futures, and the opportunities for up-skilling and reskilling needed by those who are currently working in industries and organisations being transformed and disrupted by new technology. Too many talented and well-qualified people in Scotland are in low-paid, low-skilled jobs, in workplaces that stifle rather than inspire creativity and innovation. The shared ambition is to help them to get the quality jobs with better prospects, help them to progress, and help businesses to grow by harnessing their abilities consistent with the principles of fair work.

Our full Strategic Plan is scheduled for publication in October 2018 (see timeline in Fig 1). It will set out a series of recommendations for how the key enterprise and skills agencies can achieve these ambitions. Leaders within these agencies will be looking to this plan to help draft their own strategic plans going forward. As such, our Strategic Plan will emphasise what is working well, outline new recommendations under a number of initial 'missions' (see Section 4), and provide a comprehensive Performance Framework to measure success (see Section 5).

The Strategic Plan will follow an initial five-year time horizon and cover a medium- to long-term vision. In addition to annual updates, we will review 'mid-term' in Year 3 to assess progress against prioritised actions, to get a clear understanding of 'what is working'; and to consider the Plan alongside an updated analysis of Scotland's economic position. This will take account of key issues emerging from Scottish and UK Governments and the changing economic context, while remaining focused on the long-term goal.

This publication of this Outline Strategic Plan launches an intense period of engagement over the coming months as the Strategic Plan is developed. We are confident this will set the groundwork for a new era for Scotland – one that will feature more ambitious businesses, better jobs, stronger communities, improved environments and the continued growth of our global reputation as a great place to live, study and work.

Success will be defined by a resilient, innovative and collaborative approach across the enterprise system that delivers significant and sustained improvement in all key performance areas as demonstrated in the emerging Performance Framework.

2 How we work

EMBEDDING CROSS-AGENCY COLLABORATION AND CULTURE CHANGE

→ Board Priority

To make the customer experience simpler, more streamlined and easier to navigate.

People are used to getting great service with a single click. If vendors can join up data to give their customers what they want, when they want it, then this should be an aspiration for our enterprise and skills system.

The Board is supporting out agencies to drive momentum in adopting new approaches to leadership, culture and values, so they can work more effectively together. Much progress has been made already with a programme to introduce shared IT systems, exchange best operating practices, and align planning processes currently in train. Agency planning teams are looking closely at collaborative plans for delivery of interventions and sharing intelligence.

A new skills director, focused on providing improved and integrated routes for customers, is working to align skills programmes more succinctly between Skills Development Scotland and the Scottish Funding Council.

Plans are already in place to share induction programmes and introduce a 'Fluid Agency Staff' approach, aimed at ensuring people across the agencies have an opportunity to work more closely with each other.

This approach is not just relevant to the enterprise and skills agencies. Many public sector organisations know the same learners and businesses. If these insights are pooled, both individuals and businesses will get a far better service, with no time lost through multiple applications and form filling.

Organisations are already working on integration at leadership level. They are preparing their teams for new approaches and encouraging a culture that puts value on the success of every public sector customer, whatever agency delivers the service.

So what needs to happen?

The Board has a key role to play in supporting and encouraging collaborative working across the entire enterprise and skills system including the Scottish Government, Local Authorities and other bodies, both private and public.

We recognise successful collaboration must be an objective – to substantially benefit Scotland's economy. While the drive to increase collaboration will encourage shared principles, common objectives and clear outcomes, each agency will retain its distinctive role and remit and, while providing services tailored to their specific customers and, where appropriate, to their part of Scotland.

Fundamentally this work allows agencies to align their strategic planning processes, to introduce a simpler and improved experience for all learners and businesses, and to agree a common approach to measuring success and return on investment.

We have many examples already across Scotland from which to draw learnings and insights. The Manufacturing Action Plan is driving a range of collaborative activities. Projects such as the Orkney Research and Innovation Campus, the Inverness and Highland City Region Deal, the MediCity in North Lanarkshire, the AI/Blockchain accelerator in Edinburgh, and the Borderlands Regional Deal are all pulling together many partners. These examples and many others will help us to better understand what success looks and feels like at the outset, and how it can be measured. This is important so we can recognise and celebrate progress in the future.

Success will be defined by feedback from learners and businesses on better and faster access to high quality services and progress towards achieving the benefits of collaboration via our Performance Framework.

IMPROVING THE USER EXPERIENCE FOR ALL

→ Board Priority:

A fast, easy to use, integrated system (digital and non-digital) delivering support, funding and advice to learners, employers and businesses.

We want all those involved in our labour market to contribute to one another's success.

For all learners, including university and college students, we want better careers advice; better learning experiences; more opportunities; better education pathways with greater practical impact on achieving quality careers. We want to see learners continue to progress on an extended learner journey. Likewise, we want employers and businesses to get the support they seek, promptly at the right time, to set up, grow and succeed, via the right channel, in the best format with no duplication or contradiction. We want business to engage with lifelong learning in a meaningful way that drives productivity. And we want both these communities to feel inspired by their engagement with public services and be connected with one another.

The agencies are already mapping out and implementing a new engagement plan that puts the customer at the centre. The Board will monitor and measure the progress of the enterprise and skills agencies as they work in partnership with learning and training providers, local authorities, Business Gateway, industry bodies and the Scottish Government, to co-develop an intuitive, simple to navigate, joined-up environment for the tens of thousands of learners, workers and businesses they deal with each year.

1 THE LEARNER COMMUNITY

By many key measures, Scotland's post-school learning system is performing well. The mean Scottish course satisfaction rate in the university sector is 84%¹ and over 90% of learners are satisfied with their college experience². 95% of college and university graduates moved on to positive destinations³. While we have high employment, the effects of automation and shrinking demand for mid-level skills are leading to a two-tier labour market in terms of earning capacity. Stagnation in real wages has exacerbated in-work poverty. In addition we have only modest population growth – and our ageing workforce is likely to experience rapid and unpredictable restructuring in the years ahead. We have too many people who are 'under-employed' – well qualified but in jobs that aren't allowing them to contribute to their full potential.

We need a transformational response to these challenges. We need skilled people able to maximise the benefits of change and to take up higher value opportunities as they occur – people capable and ready and to help stimulate Scotland's sluggish productivity.

The ways we support young people in Scotland into work will always be a primary objective for our learning and skills bodies, whether the right path for them is through Further or Higher Education or via one of the three Apprenticeship models available. However, the changing workplace environment demands that our current workforce is also provided with easy access to innovative ways of building on existing capabilities.

Employer engagement will be enhanced to enable industry to up-skill and reskill their workers with appropriate competencies to make workforces more resilient and to help individuals develop a portfolio of transferable skills. To achieve this, business will need to become more proactively involved in developing courses within Further and Higher Education.

Responses need to be considered from a range of perspectives including geographical disparities. We will be looking for learning delivery that is extreme in its simplicity. By using new approaches to learning, it should deliver 'Next Generation' skills that allow our workforce to respond quickly to the needs of emerging sectors.

The Board endorses recommendations made by the Learner Journey Review on ways to give individual learner, including university and college students, a better experience, such as: improved advice; better provision; more focus on learning outcomes; and training that corresponds with industry needs.

In particular, the Board will investigate how our enterprise and skills agencies can strengthen the framework for a high-performing inclusive labour market in Scotland – one that works for more people in more locations.

The Board will be looking at appropriate and consistent measures for the difference we are making, including metrics on efficacy/ completion rates and the benefits in terms of return on investment for both learners and industry from each skills intervention. The Board will also champion better planning for the skills that industry will need for the future, based on evidence, and the impacts on Scotland's economic strategy.

Success will be defined by better and more effective outcomes for Scotland's learners, employers and industries. Learners will have a clearer understanding of more effective pathways and employers will access skilled staff earlier and better aligned to their needs.

¹ National Student Survey 2017, <https://www.thestudentsurvey.com>

² <http://www.sfc.ac.uk/publications-statistics/statistical-publications/statistical-publications-2017/SFCST092017.aspx>

³ <http://www.sfc.ac.uk/publications-statistics/statistical-publications/statistical-publications-2017/SFCST072017.aspx> (college sector) and <https://www.hesa.ac.uk/news/29-06-2017/sfr245-destinations-of-leavers> (university sector)

2 THE BUSINESS COMMUNITY

There is already acknowledgement from businesses for the support they receive from our enterprise and skills agencies in Scotland. Agencies are adopting innovative delivery models and exploring data to provide increasingly intuitive services. However, we also hear that businesses can still find it difficult to get the right support at the right time and, that when they do engage, the experience can feel confusing and overly bureaucratic. It matters because to increase productivity, Scotland needs more new and better businesses, for their growth ambitions to be realised, and for exports to increase.

We want entrepreneurs – those with an appetite to be leaders, who are comfortable taking calculated risks, and who are ambitious and hungry for international involvement – to feel encouraged and supported to succeed, regardless of whether they are still at school or setting up post-retirement.

We want to encourage every type of business, including more social enterprises and those that understand the value of a social contract with employees. We need enterprise that recognises the benefits that fair work, workforce engagement, job security, equality and environmental responsibility can offer in terms of differentiation, sustainability and profits.

We want businesses to be supported to 'scale-up' and to feel that they are capable of competing with the biggest and best in the world, wherever in Scotland they're based. The needs and opportunities of businesses in rural areas are different to those in cities and this must be more widely recognised and acted upon.

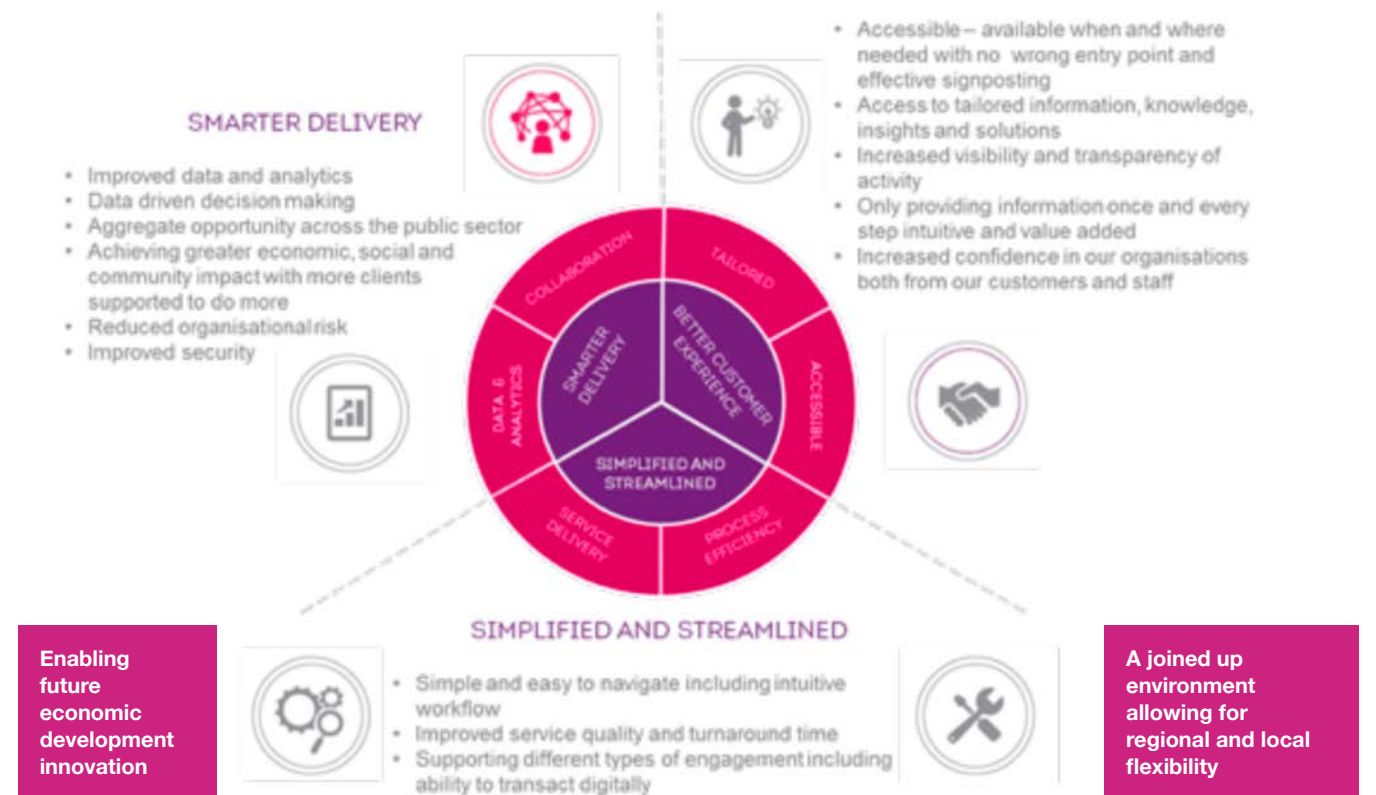
We want businesses to have the technology and skills needed to outpace their competitors, to be progressive in their practices and to realise their potential to grow. And we want the people running these businesses to feel valued for the contribution they make, and to feel enthused to be even better leaders.

The Board is looking at what businesses need from the public sector to achieve this. Agencies are already working towards an integrated 'no wrong door' system devoted to providing exactly the right support when it is required. By drawing more widely on data analytics and digital opportunities, as well as product knowledge and greater recognition of the value of well-informed advisors, the agencies will accelerate the development of models that create a customer experience that is simple, quick and consistent in content and design.

As well as setting out a delivery programme aimed at the 'big end' goal, we also want to see pragmatic and visible improvements for businesses in the short-term. We will engage with businesses regularly to get their input and feedback at every stage.

Success will be defined by evidence that businesses get what they need more quickly and easily from a public sector service that looks and feels consistent and 'joined up'; ensuring access to well-informed advisors; better sharing of best practice; better use of digital; and reduced barriers to participation.

ESSB paper, May 2018.



WORKING TOGETHER TO IMPROVE SCOTLAND'S PERFORMANCE

→ Board Priority

To examine in detail important factors that affect inclusive and sustainable economic growth and consider new ways in which the system could address these.

The Board has been taking a close look at some of the most important matters that affect growth and at gaps in Scotland's economic performance that, if closed, could boost our performance. Central is the need to improve Scotland's productivity because productivity drives the overall standard of living, the competitiveness of our businesses, and the resources available to provide the goods and services our society needs.

We also need to understand how improvements in productivity can underpin a more inclusive, fairer, sustainable economy with better standards of living and working conditions for all.

The Board's initial focus is around four topics or 'missions'. Working with people across and beyond the enterprise and skills system, Board members are examining the evidence about the challenges in each mission area and assessing ideas that might improve Scotland's performance.

Each mission is being investigated by small teams led by Board members supported by others who bring expertise to the task. They will engage as widely as possible and be open to drawing evidence from any source that adds value. The teams are charged with bringing back recommendations to inform the Board's Strategic Plan.

Some considerations cut across all the missions. Among these, Board members will take into account equality and wellbeing, digital connectivity, sustainability and the importance of place in formulating actions and recommendations.

The Board will also consider how Scotland's operating environment may change (e.g. new technologies, geo-political developments, the impact of climate change) and the opportunities and challenges this may pose.

In selecting the four initial missions the Board recognises the importance of other factors that drive productivity, such as innovation and investment. These remain important areas of activity for the enterprise and skills agencies and the Board is likely to return to them in the future.

→ MISSION 1

BUSINESS CREATION AND GROWTH

Business creation can spur productivity growth as new firms entering a market can put pressure on incumbents to 'up their game'. The same is true of growing firms.

Scotland's business start-up rate is significantly behind the UK – and has been for decades. Scotland also lags behind the UK in terms of high growth firms. According to Scottish Enterprise research, compared with the rest of the UK, Scotland not only has fewer business start-ups, they are also less productive, smaller and grow less quickly. In addition, women are less likely than men to start businesses in Scotland.

→ In 2016 13.5% of UK businesses were high growth firms compared with 12.1% in Scotland.

→ Although the female self-employment has increased over time, only 19% of SMEs in Scotland were women-led in 2016 and women-led SMEs tend to be smaller.

→ There is evidence to suggest that if women started and grew businesses at the same rate as men, this would generate £7.6bn for the economy.

→ Start-up rates vary markedly across the country, tending to be higher in rural areas and lower in former industrial and mining communities across the Central Belt.

INITIAL AREAS OF CONSIDERATION WILL INCLUDE BUT WON'T BE LIMITED TO:

START-UP

Cause of low rates; public sector role, responsibilities and investment; profile of current activity.

SCALE-UP AND FAST GROWTH

Scotland's current performance; sectoral performance; evidence from comparisons.

BEYOND START-UP

What services are provided for specific types of start-ups?

THE ROOT CAUSE

The precise nature of the challenge needs to be established: does Scotland lag other places in high growth and scale-up firms because not enough of our businesses make those leaps or do we just not have enough in the first place?

→ MISSION 2

BUSINESS MODELS AND WORKPLACE INNOVATION

Long-term economic growth within Scotland is strongly linked to the performance of its successful companies and the type of business models they deploy and their approaches to improving productivity.

The ways that people work are shaped by specific workplace contexts that reflect business models and the quality of management and leadership and how businesses embed a wider culture of workplace innovation.

Innovation and continuous learning must be embedded into the culture of any business if sustainable long-term growth is to be achieved. The business models adopted must promote longer-term decision-making and drive innovation into areas as diverse as business structure; people and asset management; internal decision-making; and daily routines.

At least some of the explanation for poor productivity may also be attributable to employment relations in its widest context; the way that work is organised, the ways in which workers interact, and the way they adopt and use technology. There is evidence of a statistically significant link between the quality of management in a firm and its productivity. In addition, work organisation and job design affect job quality that can impact on how well people's skills are used. It's estimated around a third of Scotland's workplaces are under-utilising the skills of their workers.

→ In the US, management practices explain 18% of the difference in productivity between the best and worst performing manufacturers. By comparison, spending on research and development (17%), employee skills (11%) and spending on IT (8%) explain less of the gap.

→ Ineffective management is estimated to be costing UK businesses over £19 billion per year in lost working hours and best-practice management development can result in a 23% increase in organisational performance.

→ 32% of Scottish workplaces report that at least some of their employees are both over-qualified and over-skilled for their current role.

→ In the UK formal opportunities for workers to participate in organisational decisions have remained static since 2006 and fewer workers report having the opportunity to make a contribution in 2011 than in 2001 (27% compared with 36%).

→ In many countries, family-run firms have weaker management performance.

→ High performance work practices are more common among small firms when they are part of a business network.

INITIAL AREAS OF CONSIDERATION WILL INCLUDE BUT WON'T BE LIMITED TO:

BUSINESS MODELS

How business models affect productivity; sectoral differences; skills under-utilisation; differences that apply to family-owned businesses; international comparisons; adoption of digital practices; models for growth.

WORKPLACE INNOVATION

Impact of leadership and management quality; methods of improving management; and need for specific interventions. Also the impact of business structures, decision-making processes, people management, the adoption of fair working practices, and the use of technology.

→ MISSION 3

FUTURE SKILL NEEDS

Scotland faces developments that will affect our skill needs and our labour supply.

The Enterprise and Skills Review identified ways that SDS and SFC could work better together. We want these to progress, but we also want to look at what else is needed to deliver the performance we want.

Demographic changes mean our workforce is getting older and is working for longer as the proportion of people of working age diminishes. Changes in technologies and the effects of Brexit on exports and the flow of migrant workers will affect the demand for and supply of labour.

It is very difficult to quantify the effects of these changes, but it's important to consider how best to prepare for them.

→ In common with other parts of the UK, as employment has risen, so too has the prevalence of skill shortages.

→ Over 2.5 million adults of working age in Scotland today (nearly 80%) will still be of working age by 2030. Is our skills system sufficiently focused on those in work?

→ Scotland has a highly qualified workforce compared to other nations – in 2015, Scotland had the highest percentage of the population with tertiary education attainment of all European countries – but this has not translated into the strongest economic performance.

INITIAL AREAS OF CONSIDERATION WILL INCLUDE BUT WON'T BE LIMITED TO:

RECENT PERFORMANCE

Evidence of performance to date; contribution of apprenticeships; the effectiveness of the Skills and Regional Investment Plans.

FUTURE CHANGES

How prepared are all parts of the labour market for change? Profiling likely changes across landscape; what response is required; should more strings be attached when the public purse supports work-related education and training.

ENGAGEMENT

Employer support for upskilling workforce; responsibility for upskilling; assessing provision.

→ **MISSION 4**
EXPORTING

Exporting raises the productivity of businesses and other organisations including universities. Scotland's international exports have increased in recent years, driven by growth to non-EU countries. Scotland's exports, including to the rest of the UK are equivalent to around 50% of its national income, placing it alongside other small European countries.

But excluding the UK, international exports are around 20% of national income, less than comparator nations. In addition the majority of Scotland's international exports are generated by a small number of large companies.

→ The Small Business Survey showed that only a very small number of non-exporting businesses (3%) plan to start exporting in the future. If Scotland had an export rate similar to that of the UK there would be an additional 2,500 exporting businesses.

→ According to Scotland's 2016 Global Connections Survey, barriers to future exporting among those companies who already export include the exchange rate, transport and legislation.

→ Exports by small firms – employing fewer than 50 people – have been falling in recent years while those of medium-sized businesses – with 50-249 employees – have been rising

INITIAL AREAS OF CONSIDERATION WILL INCLUDE BUT WON'T BE LIMITED TO:

RECENT PERFORMANCE

Trends to date; markets; methods of gaining information; examining factors of success.

CONSTRAINTS AND ENABLERS

What barriers exist? What effect does digital connectivity have? What impact will Brexit have?

SUPPORT FOR EXPORTING

What is available? What is the cost and impact? How effective is it? And what are the international comparisons?

Success will be defined by a set of recommendations for each of the four missions that are robust, implementable and expected to have an impact, and that can be readily incorporated into the Strategic Plan.

HOW WE WILL MEASURE AND MONITOR PROGRESS

→ **Board Priority**

To measure and monitor the enterprise and skills system's progress toward meeting its objectives, using the very best performance framework.

The Board will use a performance framework to measure and monitor the system's progress to meeting its objectives. Alongside a programme of research and evaluation this will allow the system to make decisions about what we should do more or less of in terms of existing activity as well as help to identify areas in which new interventions may be necessary.

Success will be defined by the Board employing a fully developed Performance Framework to operate in a systematic and data-driven manner by October 2018.

Five principles will guide the Board as it develops the framework. It will be:

- 1 clear and simple;
- 2 strategic, not operational;
- 3 plausible: if an agency takes an action it will lead to a predictable outcome;
- 4 pragmatic: in selecting indicators the best should not be the enemy of the good; and
- 5 deliverable: the agencies will already have or will develop common measurements where they are contributing to the same objectives.

This outline strategic plan presents the proposed structure of the framework and an illustration of how it might look.

- The starting point is Scotland's ambition to be among the first quartile of OECD countries for productivity, equality and wellbeing, and sustainability. As an example, a target of "x%" growth in productivity over "y" years might be set.
- Where possible, the next level will use the National Indicators in the recently launched National Performance Framework, which are for all of Scotland and to which the system contributes. One among a number of current National Indicators is to increase exports. In explaining the Board's framework, we will use that as an example.
- The third level represents the system's contribution to the National Indicators. The Strategic Board will invite the agencies to develop plans to deliver a material improvement in exports, in this example.
- In their responses, the agencies will set out their current or recent performance in delivering higher exports, their plans for the next "y" years and the improvements these will deliver.

In developing the framework, the Board will wish to see the evidence that lies behind the agencies' plans to give it confidence that the proposed actions are likely to deliver the proposed improvements.

Annexes:

Fig 1: Shows the process for developing the Strategic Plan over the coming four months, against the commitment to complete a near final draft of the Strategic Plan by the end of August for publication in October. This timing will ensure that the Strategic Plan can inform the next Programme for Government and interim Strategic Guidance, as well as the agencies' own planning processes during autumn and winter.

Developing the Strategic Plan

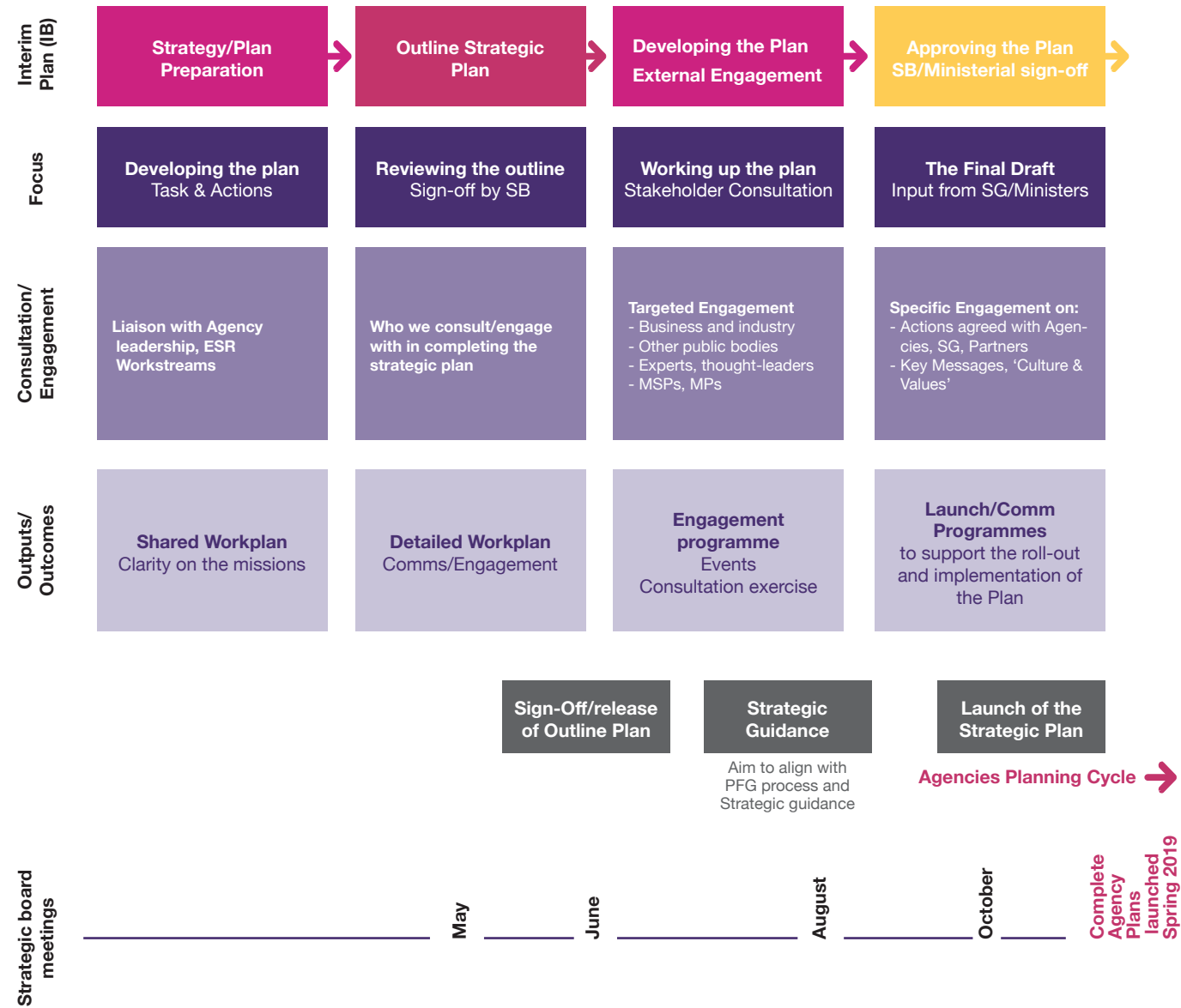


Table 1: As an illustrative example, the performance framework might contain the following elements.

National ambition	Scotland will be among the top quartile of OECD countries for productivity, equality and wellbeing, and sustainability								
	Productivity: x% growth in productivity by 20yy			Equality and wellbeing			Sustainability		
National Outcome	We have a globally competitive, entrepreneurial and sustainable economy			We are well educated, skilled and able to contribute to society			We have thriving and innovative businesses, with quality jobs and fair work for everyone		
National target	An example of what this indicator might be is the current target to deliver a 50% increase in international exports by the end of 2017								
Enterprise & Skills system indicator	An example of what this indicator might be is £x billion additional exports attributable to support from HIE, SDI and HIE								
Individual agency indicators	Sum of agencies' plans								
Current performance	Total exports attributable to agency = £y billion								
Target for 20yy	Total exports attributable to agency = £y+z billion								
Supporting evidence of feasibility	An example would be an evaluation of export support programmes								

