

Economic Development and Business Support Landscape Update

Summary and Recommendations

This report provides an update for members on a number of emerging areas of interest with regard to the ongoing transformation of the economic development and business support landscape.

The Board is invited to:

- i. Consider and comment on the content of the report; and
- ii. Note that further updates on progress will be brought to the Board during 2024/25.

References

Previous relevant reports:

- COSLA Leaders – August 2021 – National Strategy for Economic Transformation
- COSLA Leaders – December 2021 – National Strategy for Economic Transformation Update
- Environment and Economy Board December 2022 – Place, Planning and the Wellbeing Economy
- Environment and Economy Board March 2023 - Just Transition to a Net Zero Economy
- Environment and Economy Board March 2023 – Community Wealth Building Consultation
- Environment and Economy Board May 2023 – Just Transition to a Net Zero Economy
- Environment and Economy Board November 2023 – Community Wealth Building Bill

Economic Development and Business Support Landscape Update

Purpose

1. This report provides an update for members on a number of emerging areas of interest with regard to the ongoing transformation of the economic development and business support landscape.

Current COSLA Position

2. COSLA supports the position that work on the wellbeing economy is at the heart of the just transition to a net zero economy and therefore central to our work on economic development. This helps to deliver priorities by measuring success in terms of a broad collection of outcomes that the economy can deliver for its people and the environment. This ensures that economic policy is structured in a way which delivers wider benefits, in line with our wellbeing and climate change priorities, and promotes sustainability, fairness and inclusivity across society and is underpinned by a range of economic workstreams, including the National Strategy for Economic Transformation (NSET).

What is Changing

Scottish Government Changes

3. Following the change of First Minister and subsequent Cabinet reshuffle, Kate Forbes was appointed Deputy First Minister and Cabinet Secretary for Economy and Gaelic. COSLA have written to the new DFM and we have an initial meeting scheduled for 26th June.
4. The First Minister has also set out his four priorities which will guide decisions on policy and budget: eradicating child poverty, grow Scotland's economy, tackling the climate emergency by investing in green energy and infrastructure and improve public services. There is clear overlap between these priorities, COSLA's existing positions and the principles of the Verity House Agreement, however there is currently a lack of clarity over how these priorities will be delivered and what opportunities and risks they present to Local Government.
5. The First Minister has also made it clear that he feels there are too many strategies and the focus going forward should be on action and delivery. As this report will explore in more detail, it is currently unclear what this will mean for the proposed NSET refresh.

National Strategy for Economic Transformation

6. The National Strategy for Economic Transformation (NSET) is now two years into its ten-year cycle. The Government had been working on a refresh of the strategy, with the intention to have a two-stage publication process. In May the Government was to publish a refreshed NSET Strategic Direction with revised pillars, projects and problem statements, followed in September with the publication of an NSET Refresh with detailed 'executable' plans under each pillar/project. The purpose of this refresh was to reduce the number of projects to be delivered and focus on those most likely to achieve a transformational change in the economy.
7. The Government signalled a desire to engage Local Government in the development of the refreshed strategy. NSET has been discussed with a subset of the Cabinet by

COSLA's Presidential Team and Political Group Leaders at a recent meeting. In addition, COSLA's Director of Place and the Business Gateway National Unit Chief Officer have held discussions on thinking in a meeting with the senior civil servants leading the refresh. NSET was also an item in the most recent discussions between COSLA's Senior Management Team and the Government's Directors General.

8. The change of First Minister and his statement regarding strategies has cast some doubt on the future of the NSET refresh. Further to the First Ministers priorities for Government, COSLA understand, through engagement with Scottish Government Officials, that the following are the emerging key themes that will help to grow the economy:
 - Investment
 - Entrepreneurship and Innovation
 - People
 - Making Business Easier; and
 - New Market Opportunities
9. COSLA, SOLACE and SLAED officers will continue to seek to work with Government officials to establish clarity regarding the NSET refresh and action to deliver the new emerging priorities.

Public Service Reform

10. It is understood that the Government's Permanent Secretary tasked the Government's Directors General to develop plans for Public Service Reform (PSR) by the end of March. There was an initial meeting with colleagues from the Economic Directorate on their initial thinking but nothing further since.
11. Public Service Reform had featured as part of the thinking on the refresh of NSET as a foundation to, or enabler of, NSET. At present it remains unclear how the current thinking on PSR is influencing the Strategic Direction of any future refresh of NSET.
12. COSLA officers will continue to seek to work with Scottish Government officials on any proposals that may emerge and will update the Board in due course.

Business Support Partnership

13. The Business Gateway National Unit and SLAED colleagues continue to work with our partners in the delivery of the goals of the Business Support Partnership. This includes the ongoing development of a contact strategy to engage with customers and the development of the Master Customer Record (MCR).
14. The latter has the potential to provide powerful insights into the support offered to the business community and, through those insights, an opportunity to focus on the interventions that create the greatest impact as well as other useful intelligence. The Business Gateway National Unit and SLAED worked together to invest resources in the first phase of the project. At the most recent Business Support Partnership Board, the Business Gateway National Unit has agreed to support the next phase with resources allocated in the budget for this purpose. The Chair of the SLAED Business Group is currently seeking agreement from local authorities for a contribution to this second phase.

Next Steps

15. COSLA officers and relevant Spokespeople will engage with colleagues on the opportunities highlighted above, in order to ensure that both spheres of Government are working in partnership to strengthen the Scottish economy. Further updates will be provided to the Board in due course.