

Briefing 11-63 November 2011

Scottish Governments Economic Strategy

To: All Chief Executives, Main Contacts and Email Contacts (Scotland)

cc All Chief Executives, Main Contacts (England, Northern Ireland and Wales)

This APSE briefing looks at the Scottish Governments recently issued national economic strategy which is designed to assist Scotland out of recession. The strategy rightly recognises the role the local government sector can play in lifting local communities and neighbourhoods out of recession. There is recognition that this will be difficult given the sombre economic conditions and outlook.

Key Issues

- The Scottish Government Economic Strategy establishes six policy priorities for delivery, these include: -
 - Supportive Business Environment
 - Transition to low Carbon Economy
 - Learning, Skills and Well Being
 - Infrastructure Development and Place
 - Effective Government
 - Equality

The Local Government sector has a key role to play in the delivery of these priorities.

1.0 Background

The Scottish Government have now published their Economic Strategy in response to the challenging and sombre economic conditions facing the United Kingdom and Scotland in particular. The Scottish Governments Economic Strategy establishes six strategic priorities for all agencies to work towards including local government and they are: -

- Supporting Businesses Environment.
- Learning Skills and Well Being
- Infrastructure Development and Place
- Effective Government
- Equity

A further strategic priority was added in the updated Economic Strategy – The transition to a low carbon economy.

- 1.1 The Government's Economic Strategy sets out an approach to establishing solid foundations for prosperity against both challenging and sombre economic conditions. The strategy rightly recognises the importance of capital investment as being both central and key to kick starting an economic recovery in Scotland. This objective being reflected in the recently produced Spending Review which witnessed the redeployment of revenue resources to capital projects. In addition, the local government sector is being encouraged to use available capital resources through the prudential framework to assist the economic recovery and within communities and neighbourhoods.
- 1.2 The strategy takes the opportunity to highlight the purpose of the Scottish Government and sees the need to build a more dynamic and faster growing economy as being central to increasing prosperity. In turn it is hoped that generating prosperity will help communities and individuals accommodate significant health and social challenges.

2.0 The Scottish Government Economic Priorities

2.1 The Scottish Government Economic strategy contains 6 priorities.

(A) Supportive Business Environment

This priority seeks to promote prosperity and employment through improving the performance of businesses. The approach will centre on growing companies, markets and key sectors. Key actions include: -

- Establishing four Enterprise Areas in Scotland – including sites with a focus on the low carbon economy.

(B) Moving towards a low carbon economy

The strategy needs to move the economy towards low carbon use and there is recognition in the strategy that to support this change requires a solid foundation of skills, infrastructure and effective government. There is a key role for the local government sector in this regard. Key actions include: -

- A £70 million national renewable infrastructure fund to lever additional private sector investment into the renewable sector.

(C) Learning, Skills and Wellbeing

The strategy acknowledges that a skilled, educated and creative workforce is paramount to creating a more competitive and resilient economy, in order to reduce the threat of mass unemployment particularly amongst young people. Within the strategy is an action to: -

- Deliver 25,000 modern apprenticeships each year.

(D) Infrastructure Development and place

The strength and quality of Scotland's cities and towns is emphasised with a strong emphasis being placed upon the need to effectively "shape" neighbourhoods and places. Actions to deliver this priority include: -

- Introducing a cities strategy to support cities and their regions.
- Establishing a new Regeneration strategy

The Scottish Government will continue to place an emphasis on housing as they see it as being a central and crucial element of place development. There is recognition that a fully effective housing system is a key component of Scotland's infrastructure.

(E) Effective Government

The reform of the public sector as part of the need for more effective government is reorganised. A range of actions will be developed and implemented including: -

- Reviewing public services to ensure they remain fit for purpose.
- Improving efficiency levels in the public sector.
- Revising public sector procurement.

(F) Equity

The strategy rightly recognises equity as a key priority. A number of actions will be addressed and progressed to support this priority including: -

- Preventative programmes/spend
- Freezing Council Tax and abolishing prescription charges.
- Maintaining a no compulsory redundancy policy in parts of the public sector.

3.0 APSE Comment and Conclusion

3.1 APSE welcomes the Scottish Governments Economy Strategy as it has a key role to play in assisting the country, communities and neighbourhoods out of a deep and long recession. As with the Scottish Governments previous Economic Recovery Plan there is a key role for the local government sector in working to retain jobs, provide employment, promote skills and investment in localities. This is particularly relevant in areas which are highly and heavily dependant on both public sector service delivery and employment.

3.2 Delivering the Scottish Governments Economic strategy will be challenging particularly given the current/future performance levels of the economy together with the dramatic reductions in resources as detailed in the recent Spending Review. It is predicted that by 2025/26 Scotland will have lost some £40 billion. In addition capital budgets will be reduced by 35% over the period 2012/15.

3.3 APSE considers that there is a clear need for the UK and devolved governments to accelerate spending. There is a need for a “gear shift” to ensure spending in public sector infrastructure which can play a part in securing the UK’s Economic recovery. Increasingly rather than seeing public spending as part of the problem, it needs to at least be seen as part of the solution.

3.4 In this regard there is a key role for local government in terms of investment in public sector service delivery. APSE studies in both West Lothian and Swindon Councils highlight the importance of local government expenditure in creating economically resilient communities.

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