

EAST AYRSHIRE COUNCIL

CABINET – 1 APRIL 2008

THE SCOTTISH GOVERNMENT'S RESPONSE TO THE FIRST ANNUAL REPORT OF THE COUNCIL OF ECONOMIC ADVISERS

Report by Depute Chief Executive/ Executive Director of Corporate Support

1 PURPOSE OF REPORT

- 1.1 To advise the Cabinet of the recent publication by the Scottish Government of its response to the First Annual Report of the Council of Economic Advisers and to indicate how the work of the Council and the East Ayrshire Community Planning Partnership support the achievement of the aims of the Governments' Economic Strategy.

2 INTRODUCTION

- 2.1 In 2007, the Scottish Government, published its Economic Strategy, which set out the following purpose :
- “to focus the Government and public services in creating a more successful country, with opportunities for all of Scotland to flourish through increasing sustainable growth”.*
- 2.2 In order to deliver increasing sustainable economic growth, the Strategy identifies five Strategic Priorities that are internationally recognised to be critical for economic growth :
- Learning, Skills and Well-being;
 - Supportive Business Environment;
 - Infrastructure Development & Place;
 - Effective Government; and
 - Equity.
- 2.3 Flowing from the purpose and priorities are five strategic objectives :
- Wealthier and Fairer;
 - Smarter;
 - Healthier;
 - Safer and Stronger; and
 - Greener
- 2.4 In June 2007, the First Minister established the Scottish Council of Economic Advisers to advise him directly about the best way to increase sustainable economic growth in Scotland.

2.5 The Council published its First Annual Report in December 2008 and on 15 January 2009, the Scottish Government published its response to the First Annual Report.

3 THE COUNCIL'S FIRST ANNUAL REPORT AND THE SCOTTISH GOVERNMENT'S RESPONSE

3.1 The Council's report covers the following topics, each with a number of recommendations and considerations for Government. The Government's response for each recommendation is noted :

Improving the productivity of the Scottish Economy

The Government's response is that it :

- strongly supports the recommendation that the general level of productivity is increased in the workforce, through skills and training;
- welcomes the Council's endorsement of the approach taken in the Government's Economic Strategy of giving particular attention to key sectors with high growth potential and the capacity to boost productivity; and
- seeks to work with the Council to develop capital and total factor productivity.

Achieving Scotland's 2011 Growth Target

The Government's response is that it :

- welcomes that endorsement of the approach focussing on key sectors of the economy;
- agrees that efficiency in delivering services and providing infrastructure is important.

Achieving Scotland's 2011 Emissions Targets

The Government's response is that it :

- has commissioned an independent assessment of the full economic costs and abatement potential of the various energy options open to Scotland;
- made a commitment to introduce a new system of carbon accounting across the whole of the Scottish Government spend to ensure that environmental goals and economic goals are given due weight and that environmental goals are considered in parallel with goals for economic growth. The Government also commits to identifying the most cost effective options for reducing energy demand.

Addressing Economic Inactivity in Scotland

The Government's response is that it :

- is working with the UK Government's Department of Work and Pensions to improve the integration of Jobcentre Plus services with those provided by Skills Development Scotland;
- is exploring further improvements through the Workforce Plus Initiative, which is working in "Employability Partnerships" led by Community Planning Partnerships;

- is seeking to develop ways in which data-sharing practices of public bodies tasked with delivering employability projects, can be improved.

Planning

The Government's response is that it :

- has explored a number of ways to incentivise local authorities to promote economic development;
- has committed to the delivery of culture change in modernising the planning system to encourage planning to be seen as facilitating sustainable economic growth, not simply being regulation, with emphasis being given to quality outcomes, sustainable use of land, good quality design and the protection and enhancement of the natural and built environment..

Education and Skills in Scotland

The Government's response is that it :

- has already started dialogue through the Joint Futures Thinking Taskforce on Universities on New Horizons to ensure that the correct scale, balance and collaboration of the universities is in place;
- will listen with interest to the debate on radical reform of the higher education system, noting that due to the independence of the Higher Education Institutions, the Government does not have powers to prescribe the content or length of degrees bestowed by the Universities in Scotland;
- accepts in part, the recommendation that it examines how significant additional costs might be funded from a variety of sources, outwith direct government funding, but affirms its position that education should be based on ability to learn and not ability to pay.

Infrastructure

The Government's response is that it :

- agrees with the Council's view that the overall spending on infrastructure within Scotland should be raised, but notes that this aspiration is constrained by the limits of current financial arrangements with the UK Government, which would include the ability to enable new borrowing in Scotland to help finance public infrastructure.

Scottish Economic Statistics

The Government's response is that it :

- accepts in part the recommendation about improving the quality of Scottish economic statistics, but notes the constraint that the UK is the key reporting unit for many national statistics. The Scottish Government confirmed that it has set out ambitious development plans for Scottish economic statistics, including broadening the range of measures of performance of the Scottish economy.

4 COMMENTARY ON POLICY IMPLICATIONS FOR EAST AYRSHIRE COUNCIL

- 4.1** The East Ayrshire Community Plan is aligned directly with the five Strategic Objectives of the Government's Economic Strategy.
- 4.2** Through the East Ayrshire Community Plan and the Council's own policies and priorities, much is being achieved in East Ayrshire to fulfil the aims of the Government's Economic Strategy.
- 4.3** The following list is not exhaustive, but demonstrates to Cabinet, examples of the work being undertaken in fulfilment of the aims of the Government's Economic Strategy and the East Ayrshire Community Plan.

Improving the productivity of the Scottish Economy

Skills and training in the workforce is an issue which is being addressed through the Council's innovative Skills Development and Employability project and also by direct grant support to local businesses to undertake skills development within their workforces

Achieving Scotland's 2011 Growth Target

The Council has confirmed its commitment to work with partner agencies (such as Business Gateway and Scottish Enterprise) to support the sustainability and growth of existing businesses and to the establishment of new businesses.

Achieving Scotland's 2011 Emissions Targets

All new physical developments undertaken by the Council are designed to meet energy and emissions standards and a programme of improvements to existing premises is being undertaken through the work of the Finance and Asset Management Service.

Addressing Economic Inactivity in Scotland

A major initiative, recently established initially by East Ayrshire Council and now rolled out across Ayrshire is the Ayrshire Employment Task Force, which gathers and shares information about companies which are experiencing particular trading difficulties, to ensure that effective, co-ordinate support is made available to sustain the businesses and support the employees affected.

Planning

East Ayrshire Council has always accorded significant priority to facilitating sustainable economic growth and this policy has been re-affirmed in the Revised East Ayrshire Local Plan, Finalised Draft with Modifications, now approved by the Council.

Education and Skills in Scotland

This priority relates to the Higher Education sector in which the Council has no direct role, but Cabinet is aware of the close and effective working relationship which the Council has with the Further Education sector in the area, through the East Ayrshire Community Planning Partnership and other working arrangements.

Infrastructure

In recognition of the imperative to support the construction sector in the current economic climate, the Council has recently agreed to advance significant expenditure on a range of capital projects.

Scottish Economic Statistics

The Council recognises the need for good statistical information and steps have been taken to enhance and co-ordinate this area of activity , through the Community Planning team.

5 LEGAL, FINANCIAL AND PERSONNEL IMPLICATIONS

5.1 There are no legal, financial or personnel implications arising from this report.

6 RECOMMENDATIONS

6.1 That the Cabinet :

- (1) notes the broad findings of the First Annual Report of the Council of Economic Advisers on the Government's Economic Strategy;
- (2) notes the responses of the Scottish Government to each of the recommendations; and
- (3) confirms the continuing commitment of East Ayrshire Council to work in partnership with its Community Planning Partners, the Scottish Government, other agencies, businesses and communities to regenerate the area, through sustainable growth.

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12 March 2009/jrs

BACKGROUND PAPERS

The Government Economic Strategy (2007)
First Annual Report of the Scottish Council of Economic Advisers (December 2008)
The Scottish Government's Response to the First Annual Report of the Scottish Council of Economic Advisers (January 2009)

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