

News release

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Political leadership gap in economic strategy

The Scottish Government's 10-year economic strategy currently lacks collective political leadership and clear targets.

The government launched its National Strategy for Economic Transformation (NSET) in March 2022. Its aim is to create a wellbeing economy, where economic growth is not the only measure of success.

Officials quickly established governance structures, including a NSET delivery board comprised of relevant experts. But a key leadership group, due to be chaired by the First Minister and attended by ministers and COSLA, has not been set up. Without it, there is no dedicated route for the NSET delivery board to escalate major concerns.

Good connections have been made across the Scottish Government to support the economic strategy's delivery. But it is not clear how different parts of the government are working together to agree funding priorities. This could hamper the NSET delivery board's ability to influence ministerial decision-making and shape the delivery of the strategy.

Ministers have set out high-level measures of success for each NSET programme. But many measures lack a target; for example, the number of new businesses surviving beyond three years. The Scottish Government has also not set out how much investment is needed to deliver its economic strategy. This creates a risk to financial management and public accountability.

Stephen Boyle, Auditor General for Scotland, said:

"Making the shift to a wellbeing economy whilst also increasing tax revenue is a substantial challenge.

"Collective political leadership remains vital, and the government needs to better understand the cost and affordability of its plans so it can prioritise spending decisions.

"This is especially important at a time of continued pressure on public finances."

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Notes to Editor:

1. A wellbeing economy is an economy where traditional economic growth is not the only measure of success. The focus is also on the quality of people's lives and protecting the environment, which is expected to benefit the economy in the long run.

2. Under the Fiscal Framework, Scottish public finances are now more closely linked to how Scotland's economy performs relative to the rest of the UK. If the Scottish Government does not achieve improved economic performance, there will be further pressure on Scotland's public finances.

3. The Economic Leadership Group was originally expected to include: The First Minister; Deputy First Minister; Cabinet Secretary for Finance and Economy; Cabinet Secretary for Net Zero, Energy and Transport; Cabinet Secretary for Education and Skills; Cabinet Secretary for Rural Affairs and Islands; Cabinet Secretary for Constitution, External Affairs and Culture; Cabinet Secretary for Social Justice, Housing and Local Government; the COSLA President.

4. The National Strategy for Economic Transformation has six programmes: Entrepreneurial People and Culture, New Market Opportunities, Productive Businesses and Regions, Skilled Workforce, A Fairer and More Equal Society, and New Culture of Delivery.

5. Scotland's productivity has remained ranked 16 out of 38 comparator economies over the last decade, demonstrating no progress on the Scottish Government's target to improve Scotland's relative performance.

6. Pay growth has been limited in real terms over the last decade and the challenging economic context has contributed to the Scottish Government not being on track to meet its statutory child poverty reduction targets.

7. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

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