

EXECUTIVE MEETING
MS Teams
1300 - 1500, Tuesday 11th February 2025

NOTE

Attendance

Ishabel Bremner, Argyll & Bute Council (CHAIR)
Rory Young, Dundee City Council (VICE CHAIR)
Ruth Cooper, Renfrewshire Council
David Boyle, Glasgow City Region
Diane Milne, Dundee City Council
Andrew McKean, Renfrewshire Council
Kenny Lean, South Lanarkshire Council
Alison Davidson, Clackmannanshire Council
Paul Morris, Clackmannanshire Council
Miriam McKenna, Improvement Service
Mia Duncan, Improvement Service
Connor Jackson, Scotland Office, growth priority and industrial strategy
Iseabail MacTaggart, DBT Investment and Trade (Scotland)
Christopher Burns, DBT Industrial Strategy (Scotland)
Bridget Ennini, DBT

Apologies

Pamela Stevenson, Fife Council (VICE CHAIR)
Hannah Brown, Improvement Service

1. Welcome and Introductions

IB welcomed members to the meeting and noted colleagues are joining from the Department of Business and Trade to discuss the industrial strategy.

2. Minutes of Previous Meeting

It was noted that a funding group update was not included in the agenda and will be added to all future agendas.

Discussions took place regarding engagement on the population health framework, with MMCK sharing IS comments with the Executive for further input. It was acknowledged that there may be both an IS response and a SLAED response if required. Concerns were raised about difficulties in meeting engagement timescales.

The National Wealth Fund remains a key focus for the funding group, and it was noted that the brochure has not yet been received, prompting a follow-up action. Attendees discussed the possibility of holding a dedicated event on this topic, either between the Funding Group and Business Group or as a general SLAED workshop. Additionally, feedback from COSLA

regarding funding and the UK Government is still pending. Finally, it was noted that the SLAED report is complete and has been submitted to IS Communications for design.

Actions:

- Action: Funding group update to be included in future agenda - HB.
- MMCK to share the population health framework comments. ALL to provide feedback on this.
- HB to follow-up on the National Wealth Fund Brochure

3. Industrial Strategy

Iseabail MacTaggart introduced the Industrial strategy, emphasising that growth is the number 1 mission for the industrial strategy. There is also a trade and small business strategy as well as a Plan to Make Work Pay. The present session, however, focused on the industrial strategy, which represents a significant cross-government effort to ensure policy coherence. The government is keen to engage with the SLAED Executive to test its approach. From the outset, the strategy has been developed in collaboration with leaders from devolved governments, including Scottish Government (SG) colleagues, who have involved the Enterprise Agencies in some discussions.

The strategy development team is currently working on sector plans for the eight identified key sectors, in coordination with SG colleagues. A valuable stakeholder engagement session took place in Scotland in November 2024, just before the Green Paper consultation closed. Further engagements are ongoing, including discussions with City Regions, the Scottish Cities Alliance (SCA), the Prosperity Regions Committee, the Confederation of British Industry (CBI), and various chambers of commerce.

Christopher presented the slides shared before the meeting, emphasising the focus on high-growth driving sectors and strategic approaches. The overarching goal is economic growth, approached through the intersecting lenses of Place, Economic Security, and Net Zero. Taking a place based approach to reduce the gap between London and the rest of the UK.

The UK Government is seeking to understand where it can add value in collaboration with SG. Feedback on the Industrial Strategy is welcomed, particularly in relation to regional economic development.

Key discussion points:

- The strategy acknowledges the importance of regional growth deals and partnerships, though concerns were raised regarding the different interpretations of growth in remote rural areas. Scale issues and regional disparities must be considered when looking at sectoral strategies. In response to this point, it was noted that the strategy adopts a cluster-oriented model, identifying key locations that will drive national growth. While growth naturally clusters around cities, rural areas also have significant potential, particularly in clean energy and digital industries.

- There is concern that regional policies may disproportionately favour larger cities, potentially disadvantaging smaller urban centres like Dundee, where strong growth potential exists. Clustering effects may exacerbate cost and labour competition issues in key cities. A key consideration is identifying what will drive economic growth in specific areas, such as Dundee. The general approach has been to understand each region's sectoral strengths and then attract businesses and investment accordingly. Since private investment is the primary driver of growth—rather than public funding—it's crucial to adopt a sector-focused strategy, supporting and collaborating with growth industries in each area alongside the Scottish Government to foster economic progress.
- Universities play a critical role in research and skills development, particularly in life sciences, digital, and creative industries. Concerns were raised regarding the sustainability of university funding and their ability to attract international students. Immigration policies and funding structures must align with industrial strategy goals. In response, the government is taking a holistic approach rather than working in silos, with different departments being challenged to contribute to growth. A major challenge in the UK is commercialising innovation, and efforts are being made to collaborate with higher education institutions to not only develop a strong skills pipeline but also ensure these institutions are strategically positioned to support and fund innovation that drives economic growth. Some challenges arise from the division of powers between UK and devolved governments. Partnership approaches and leveraging city/growth deals have enabled some funding solutions, but further work is needed to navigate these complexities.
- While growth deals have been instrumental in enabling major infrastructure projects, concern was raised regarding the bureaucratic burden, particularly Treasury processes and Green Book requirements, which can slow down implementation. The weight of bureaucracy and weight of Treasury Processes were noted.
- Rural areas contribute significantly to energy generation but often do not directly benefit. Many new industries, such as AI, are highly energy-intensive, presenting opportunities for rural regions if energy costs and distribution challenges can be addressed.
- UKSPF has been instrumental in supporting local economic development by replacing EU structural funds, but concerns remain about the long-term sustainability and alignment with regional needs. There are ongoing discussions about potential reforms to ensure that UKSPF can effectively complement the Industrial Strategy, particularly in addressing infrastructure, skills development, and business support gaps in various regions.

IB thanked IM and colleagues for a productive discussion. SLAED groups will be encouraged to review Question 7 of the Green Paper and provide evidence to support the strategy's development. Any relevant data or insights should be shared to help refine the approach. Given the rapid pace of strategy development, further engagement with this forum is welcomed. CB confirmed that while the consultation phase is closed, the strategy remains in development, with a draft expected for consultation in the summer. IB noted the availability of SLAED's indicator report and the opportunity to present insights to the Business Group,

which meets on 13 March, 10 April, and 8 May. IM expressed willingness to follow up on a suitable date for further discussions.

Action:

- HB/MMcK to share SLAED indicators with DBT
- HB/ MMcK direct communication on the dates for the SLAED Business Group.

4. Fairer, Healthier Economies Workshop

A PHS/SLAED event has been organized in collaboration with Pamela Smith which has been re-scheduled for April 3rd.

The proposed topics for discussion have been outlined in a paper, but there is a need to clarify whether these are the right focus areas. The current topics include:

- Child Poverty
- Employability
- Health-related economic inactivity
- Community Wealth Building

It was noted that as these topics are quite broad, there is a need for more clarity on the specific points to be discussed within each area. All attendees are asked to provide feedback to IB with any thoughts on how to refine the focus, particularly in relation to breakout group discussions. Any comments should be sent to IB within the next fortnight.

Some reservations were expressed about the event, raising concerns that it might result in an imbalance where there are four representatives from PHS alongside 80 council representatives, with discussions repeating familiar topics. PHS already participates in national CWB and employability groups, and there is concern that the proposed topics are too broad. Employability already has a conference scheduled four weeks later, and PHS could potentially be incorporated into that event instead.

There is also a general feeling of "workshop fatigue", with events that do not seem to drive progress. Additionally, PHS/Health input appears minimal compared to the contributions from councils. If NHS representatives were present, it could significantly enhance the discussions and provide a more meaningful perspective. One potential area of interest is the NHS Highland Employability Strategy, which is currently being developed alongside an action plan.

PM offered support for the event if it proceeds and can contribute from next week onward.

IB requested that any final comments be submitted by Monday, February 24th, to allow sufficient time for follow-up discussions with PHS. Attendees were encouraged to be blunt and direct in their feedback, ensuring that the event has a clear purpose and outcome.

Actions:

- ALL: All attendees are asked to provide feedback to IB with any thoughts on how to refine the focus, particularly in relation to breakout group discussions within a fortnights time (24/02/25)

5. Business Group Update

AD provided an update, stating that they are still getting up to speed and have already met with Pammy and Hannah. Additionally, PM and AD are in the process of catching up with Al Bryce at CEC, who will be serving as vice chair. The February meeting was cancelled due to holidays, but they are currently reviewing agenda items and areas of focus moving forward.

For the March meeting, Visit Scotland has been invited to discuss the Visitor Levy, but there is also the possibility of accommodating DBT instead. It was suggested that linking in with Andrew and the Tourism group regarding discussions on the Visitor Levy could be useful. They are keen to hear any suggestions for agenda items and are particularly interested in discussing the UK Shared Prosperity Fund (UKSPF).

RY mentioned that he sits on the Business Gateway National Board and will share relevant papers with Alison, Paul, and Pammy to provide insights into ongoing discussions. However, these papers should be treated as confidential.

Actions

- ALL: share any suggestions for agenda items for the business group.

6. Funding Group Update

Two weeks ago, MHCLG invited the group to a roundtable discussion with Alex Norris, Minister for Local Regeneration and Building Safety. The meeting also included representatives from COSLA, FSB, Scottish Colleges, SCVO, SFC, and the Scottish Government. SLAED's representation primarily consisted of those who had received funding, while others in attendance were advocating for financial support.

The discussion focused on identifying opportunities and challenges and exploring future priorities. While attendees were generally diplomatic in highlighting how local authorities (LAs) collaborate effectively with partners, SCVO raised concerns that some LAs were not engaging as effectively with the third sector. Meanwhile, colleges emphasised the need for ring-fenced funding.

The Minister stated that the government aims to minimise the number of funding pots and consolidate resources into a single fund. However, breaking the funds into smaller allocations contradicts this approach. Despite this, there was still a lack of clarity regarding the UK Shared Prosperity Fund (UKSPF), and it remains uncertain when further details will be provided. There is growing concern that by November, stakeholders may still be awaiting definitive guidance. The group also reiterated the importance of multi-year funding, which the Minister acknowledged and appeared receptive to.

There were 14 responses to the subsidy control consultation, and discussions are underway about gathering insights on how UKSPF funding has been allocated across different themes and

areas of demand. The aim is to provide feedback to the UK Government on this. It was noted that not all funding has been spent on local government projects; some allocations have gone to colleges and third-sector organisations. Despite this, there is still an overall 40% reduction in funding compared to what would have been available under the EU. DM will be meeting with SCVO/TSI network to discuss challenges etc.

7. Finance Update

The current funding received just covers the Service Level Agreement (SLA), with £14,070 ringfenced for employability initiatives from the conference proceeds. If needed, reserves could be used to support in-person events or the development of a dashboard.

If membership fees were to increase by 5%, the adjusted fees would be:

- £800 increasing to £840 + VAT
- £1,200 increasing to £1,260 + VAT
- £1,700 increasing to £1,785 + VAT
- £2,200 increasing to £2,310 + VAT

This would generate an additional £3,480 in total income. A 10% increase in fees would result in £5,720 in additional income.

Currently, reserves stand at £35,296.20, which provides some financial flexibility. The SLA is set to end in the 2025/26 financial year, meaning it will conclude in March next year. Given this timeline, there is an opportunity to review membership fees at that point, or alternatively, a decision could be made to implement an increase now.

In relation to the next agenda item, there is an opportunity to develop a more user-friendly dashboard for key indicators. This would ensure that data is made available as soon as it is published or collected, and it would allow for the creation of a lighter-touch report. HB noted that more people have requested access to the actual data rather than the analysis of it, and a dashboard would better facilitate this need. David and Hannah can review previous options and move forward if there is agreement to proceed.

The previous dashboard cost approximately £5,000, but it was not widely used due to usability issues. Alternative Improvement Service (IS) options range in price:

- £1,600 for setup with an annual fee for an Excel-based solution
- Around £4,000 for a Power BI solution, with a smaller annual maintenance fee

Updated pricing would need to be obtained, though costs are not expected to be significantly higher than these estimates.

Given the tight budgetary constraints, it may be prudent to wait and use reserves for the time being. It would also be helpful to check whether there are any guidelines regarding reserves within the organisation's constitution.

A potential approach could be to prioritise the development of the dashboard first, followed by an increase in membership fees for the 2026/27 financial year. Members could be notified in advance that a fee increase will be implemented from 2026/27 onwards.

Actions:

- MMCK/HB: to check whether there are any guidelines regarding reserves within the organisation's constitution.

8. Review of Indicators Framework

David thanked Hannah for compiling the report and expressed gratitude to everyone who submitted their data. A consistent baseline is now available for tracking data trends over the years. A review and update have been completed, shifting from inclusive growth indicators to wellbeing economy indicators. Further guidance will be sought from the national government on how these can be measured and what data is available for all local authorities.

During the indicator review, an issue was identified with the external funding indicator due to varying interpretations. As the funding landscape has evolved, it would be valuable to convene a discussion on funding indicators and their definitions. The funding figure from Dundee appears to be correct, and HB will follow up with Stirling for clarification.

IB thanked both Hannah and David. DM suggested that HB verify the information provided by all councils, as it is unclear whether Stirling is the only one that included full LUF funding in the indicator.

DB highlighted the need to ensure the indicator remains relevant and suggested incorporating staff time and costs in the future. RY proposed, if capacity allows, conducting outreach across various groups to validate the indicators, assess consistency, and understand different measurement approaches. An action identified for DB and HB will attend group discussions on indicators.

Regarding employability indicators, RC emphasized the need for more detailed questions to ensure an accurate overall picture. Every council received a Freedom of Information (FOI) request on employability income, but the SLAED indicator questions lack sufficient detail. Differences in interpretation likely affect the accuracy of employability data.

SG data is inconsistent with SLAED figures, as some local authorities include CLD spend, while others inappropriately count all school leavers. IB noted that employability is also a measure in the LGBF. For example, SLAED indicators ranked Inverclyde at the top, whereas SG data placed them second from the bottom. A more precise approach is needed to improve data accuracy.

DB suggested revising the terminology used in the guidance to provide greater clarity.

Actions:

- DB and HB will attend group discussions on indicators.
- HB to follow-up with Stirling to clarify funding indicator.

9. Visitor Levy

AMcK noted that the first meeting of the new Visitor Levy (VL) Community Forum, hosted by the Digital Office, will take place tomorrow, with an initial focus on the collection platform. The VL is gaining traction in the media, with increasing press inquiries. Many councils have formally committed to consultations, with Aberdeen considering a 7% levy—the highest proposed so far—while CEC has introduced one at 5%. The Tay Cities Economic Partnership has commissioned the Moffat Centre to assess the impact and provide forecasts. Renfrewshire has met with the Data Lab in Edinburgh, and Stirling and Falkirk are now exploring a levy as well. Meanwhile, the Highland Chamber of Commerce has urged stakeholders to hold off, and the Scottish Tourism Alliance has advised waiting to see how early adopters fare. The situation remains fluid.

IB confirmed that Argyll and Bute are in the process of a formal 12-week consultation period, including engagement events. These events often attract opposition to the levy. Information webinars are also available. Following a directive from the ABC CEO at HIREP, IB will raise concerns that the levy is being considered as part of turnover, which is unfair. A letter will be submitted to HMRC in March.

OIC, SIC, and CnES are particularly interested in a separate Cruise Ship Levy and will assess the VL's impact accordingly. It was noted that GCR has been involved in revenue projections for Renfrewshire and other member authorities. Initial feedback suggests projected revenues are lower than expected, possibly due to data quality issues. STEAM data is the primary source, with GCR basing its methodology on Fraser of Allander Institute, which considers overnight stays. However, local authorities are using bed stock and assumed occupancy rates instead.

Long-standing concerns over the reliability of STEAM data were highlighted. The University of Edinburgh provided an overview of potential revenue for CEC and conducted a similar analysis for Argyll and Bute, incorporating self-catering data (KEY), CoStar hotel data, and STEAM figures. However, responding to FOI requests has not been possible, as much of the data is purchased from external organisations, limiting transparency while ensuring business confidentiality.

AMcK acknowledged previous discussions on data accuracy and confirmed that the issue is under review due to frequent queries. The varying methodologies further complicate matters. Waiting for CEC's findings would cause significant delays for other councils, and the cost of accessing data remains an issue.

Aberdeen is proposing a higher rate, adding 2.5% to offset business costs. However, it was clarified that this is not permissible under current legislation, as councils must collect and redistribute the levy without top-slicing the revenue. The entire process is becoming increasingly complex and time-consuming.

10. AOB

- HB would like to confirm times for discussions with IB, BY and PM regarding the SOLACE/IS Transformation Programme workstream 1 – Public Sector Reform.