

Ms Baker
Convener of Economy and Fair Work Committee
Scottish Parliament
Edinburgh
EH99 1SP

1st July 2024

Dear Ms Baker,

Response to the Deputy First Minister's comments on the National Strategy for Economic Transformation

We are writing to you in the context of the Deputy First Minister's comments on the National Strategy for Economic Transformation (NSET) at the meeting of the Economy and Fair Work Committee on Wednesday 29th of May.

We echo Audit Scotland's belief that the NSET needs to be refreshed and updated, addressing key concerns from stakeholders, to ensure that it makes progress towards the wellbeing economy. We are therefore disappointed that, from the Deputy First Minister's comments, the proposed refresh will likely fall short of making the changes necessary to unlock its potential for the people of Scotland, and particularly those living on low incomes.

In March 2024, the Poverty Alliance held a member's seminar on the NSET's refresh, providing an opportunity for civil society to learn more about the proposed changes and provide feedback and insight. The input and discussion at this session was focused on the 'people pillar' of NSET. Attached is a short summary of the discussions had at this seminar. **As this is a member's briefing, we ask that this is not published but we are content for this to be used within the Committee.**

Much of our discussion centered on the desire for positivity about the strategy, but there was consensus that NSET had fallen short of expectations. In its current form our members do not believe the strategy will result in the economic transformation required to build a Scotland free from poverty. Whilst the attached briefing goes into more detail, key points from discussions were that:

- The strategy is not bold enough in its connections to other key strategic policy areas, most notably the tax strategy where there is an opportunity to fundamentally redesign our tax system in ways which would speak to the problem statements set out in the NSET.

- A lack of consideration has been afforded to gender within the NSET. Problems of skills alignment, skills shortages and skills utilisation are all strongly linked to occupational segregation in the labour market.
- While the strategy points to a need to focus on employability services, health and childcare interventions, there is a lack of acknowledgement that barriers to accessing these services are often amplified in rural Scotland. The structural inequalities felt by rural and island communities need to be made clear so that the strategy works for all people living in Scotland.
- The inclusion of Fair Work Agreements in NSET were welcome, but the potential of this intervention has disintegrated during development and implementation. The most recent poverty statistics show more children in poverty than ever before live in working households, thus rendering Fair Work a critical aspect of any economic strategy.

We urge the Scottish Government and the Deputy First Minister to engage with civil society in this NSET refresh to ensure that it meets the needs and values of the people of Scotland.

We hope this briefing will be of interest to the Committee as you take forward your workplan. We would be delighted to meet with you at your convenience should you wish to discuss this in more detail.

Yours sincerely,



Peter Kelly

Director