

Argyll and Bute Council

Scrutiny Report

March 2021

FINAL

# Economic Strategy

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## 1. Executive Summary

### Introduction

1. As part of the Argyll and Bute Council's (the Council) 2019/20 scrutiny plan, approved by the Audit & Scrutiny Committee (the Committee) in June 2019, we have undertaken a scrutiny review of the Council's Economic Strategy (the Strategy).
2. Throughout the report reference to 'the Panel' refers to the independent chair of the Committee and two Committee members who conducted this review. They were:
  - Martin Caldwell (Chair)
  - Councillor Findlay
  - Councillor McGrigor
3. The Panel was supported by council officers and relevant external parties who gave willingly of their time to help deliver the review. We would like to extend our appreciation for the cooperation and assistance received from all witnesses invited to provide evidence over the course of the review.

### Background

4. The Strategy was chosen for inclusion in our scrutiny priorities for 2019/20 as it had only recently been approved, therefore it was deemed to be an appropriate time to consider the process for creating the strategy and its associated action plan. The scrutiny review intended to examine the foundation of the strategy to assess whether the approach adopted was robust and whether the approach or the Strategy could be improved.
5. On 7 March 2019 the Environment, Development and Infrastructure (EDI) Committee considered a report concerning the development of a new Argyll and Bute Economic Strategy and associated Action Plan. This had been drafted to take account of a rapidly changing economy at global, national and local levels, increasingly influenced by a number of key economic drivers such as the emergence of City and Regional Growth deals including the Argyll and Bute Rural Growth Deal (RGD).
6. The EDI committee recommended approval of the draft Strategy to the Council. The Strategy was subsequently approved by Council on 18 April 2019.
7. The Strategy aims to strengthen the economic infrastructure, create better places and attract people to live, work, visit and invest in Argyll and Bute to support the growth of the local economy. It outlines the need to attract external funding to help make our towns investor-ready and attractive as places to live in and do business. The Strategy relates to economic growth across the local authority area, therefore has a council wide impact.
8. The Strategy is a key council document that aims to help deliver the overarching vision of the Argyll and Bute Outcome Improvement Plan 2013 – 2023 that has been agreed with the Scottish Government: "Argyll and Bute's economic success is based on a growing population."
9. Argyll and Bute's predominately rural economy remains fragile and the pace of economic change continues to accelerate with a number of key economic drivers influencing this and ultimately the performance of national and local economies. These economic drivers include:

- rapid technological advances influencing the way we do business including the work skills people will need in the future
  - population drift from rural to urban areas
  - poor growth of the business base as compared to west of Scotland and Scotland
  - taking account of climate change mitigation and adaptation
  - the UK's withdrawal from the EU and potential changes to trade deals, migration policy and external funding
  - emergence of City and regional growth deals, including the RGD
  - rise of the national living wage
  - need for greater inclusion and community empowerment.
10. The Council previously had a series of economic development action plans (EDAP) which were monitored on a regular basis. They were increasingly becoming out of date due to changing economic circumstances, the information the Council was discovering whilst progressing the RGD and the changing economic priorities of both the Scottish and UK Governments. Some examples being changing legislation such as the Islands Act, the need for greater inclusion and the UK's impending exit from the EU. The Council therefore considered it necessary to develop a new economic strategy which linked to the priorities of Government and the RGD.
11. The Strategy contains strategic themes that inform a number of underlying aims and actions. The three themes are:
- Critical Economic Infrastructure – Connecting - to national and international markets
  - Place and people – Attracting – skills, residents, visitors and businesses
  - Smart Growth – Growing - doing more that works (to support business)
12. The key themes are used to inform an action plan which is included as an appendix to the Strategy.

### Key Economic Appraisals

13. The panel identified a range of key economic appraisals reported to the Council between 2015-2019 which informed the panel's research and provided background information to the strategy throughout the scrutiny review.
- [Compelling Argyll and Bute Strategic Overview Report, EKOS 2015](#)
  - [Compelling Argyll and Bute Sub Regional Economic and Skills Profile, EKOS 2015](#)
  - [Compelling Argyll and Bute Primary Research Analysis, EKOS 2015](#)
  - [Compelling Argyll and Bute Stakeholder Research Report, EKOS 2015](#)
  - [Compelling Argyll and Bute Addressing Rural Depopulation, EKOS 2015](#)
  - [Skills Investment Plan for H&I', Skills Development Scotland 2016](#)
  - [Argyll and Bute Skills Assessment, EKOSGEN 2016](#)
  - [Argyll and Bute Transport Connectivity and Economy, EKOSGEN for HIE 2016](#)
  - [Skills Review for Aquaculture Sector, EKOSGEN for HIE, 2018](#)
  - Faslane RN Base Expansion Economic Impact Report, EKOS for Scottish Enterprise Aug 2019
  - [Rural Growth Deal Prospectus, Main Report 2019](#)
  - <https://www.argyll-bute.gov.uk/info/economy>

## Scrutiny Initiation Briefing – 23 September 2019

14. In September 2019 scrutiny officers circulated a briefing to the Panel which provided background on the Strategy. Following this, the Panel met to agree the scope and identify invitees to give evidence at a series of meetings.
15. The agreed scope was to consider whether:
- the Strategy had been informed by a suite of appropriate data and information
  - the process to create the action plan was properly aligned to the strategy and priorities
  - the strategy and action plan are achievable.
16. The Panel agreed that they should meet with the under-noted groups, who could aid their appreciation and understanding of the process followed to create the Strategy and Action Plan. (Exhibit 1)

### Exhibit 1 – Scrutiny Meetings

Attendees	Key Areas for Discussion
Council Officer(s)	<ul style="list-style-type: none"> <li>• Research and data used to inform Strategy</li> <li>• Process to create the Strategy</li> </ul>
Relevant Partner Agencies	<ul style="list-style-type: none"> <li>• Partner input into Strategy creation</li> <li>• Partnership working to deliver Strategy</li> </ul>
Council Officer(s)	<ul style="list-style-type: none"> <li>• Prioritisation of Strategy themes/actions plan points</li> <li>• Deliverability of Strategy</li> </ul>

## 2. Scrutiny Meetings

### Scrutiny Meeting One – Council Officers – 12 October 2019

17. Scrutiny meeting one consisted of the Council’s Head of Economic Development, who has overall responsibility for the Strategy and the Council’s Senior Economic Growth Officer. The key messages from this meeting are set out in Exhibit 2.

### Exhibit 2 – Scrutiny Meeting 1 – Council Officers - Key Messages

Theme	Detail
Research and data gathering	<p>Attendees explained the process followed to ensure that sufficient and appropriate data and information was gathered to inform and create the Strategy. This included taking into consideration the previous work undertaken in relation to the Council’s Single Investment Plan, the EDAPs, the Economic Forum and the development of the RGD, all of which gathered extensive information on the strengths of the economy and barriers to success. There was also a range of studies and feasibility studies either commissioned by the Council or by strategic partners which were utilised in the creation of the Strategy.</p> <p>The Panel were provided with numerous data sets and links to relevant reports used to inform the Strategy. The Panel found it challenging to identify what elements of this information had actually informed the Strategy and are of the view that, for any future iterations, it would be useful for a separate document, or appendix to be created which shows clear references between the data/reports and the Strategy. It was also felt that providing a clear evidence base would further enhance the credibility</p>

	<p>of the Strategy to external partners.</p> <p>That point aside the Panel were of the overall opinion that the Strategy was clearly informed by appropriate data sets and reports. Key economic appraisals, referenced at paragraph 13, commissioned by the Council, Highlands and Islands Enterprise, Scottish Enterprise and Skills Development Scotland from 2015 to 2019 (chiefly undertaken by EKOS) had provided an authoritative picture of the challenges facing the area. However, as indicated above, these appraisals were not referenced in the strategy.</p>
Process to create the strategy	<p>There is no statutory process for the development of an economic strategy. The development of the Strategy was done in parallel with the development of the RGD. The different stages of the process was governed by the RGD process including all of the various communications and meetings held with key stakeholders.</p> <p>An internal Officer Group composing of EDST Service Managers oversaw the development of the Strategy and the different drafts produced for consideration. These drafts were presented to the Leader of the Council as policy lead for economic growth and the appropriate Executive Director. It was then discussed by the service managers following consultation with their teams and a wider group of Council officers. The draft was then sense checked with stakeholders including HIE and Scottish Enterprise. Whilst business stakeholders were not involved at this stage of the process, feedback from the business sector has been incorporated into the drafting process using feedback gathered from the business consultation on the priorities of the RGD, the findings of the Economic Forum and from reports that were published, such as the travel connectivity report led by HIE.</p> <p>The Strategy was then presented to the full Council and Community Planning Partnership for comment before adoption.</p>

### Scrutiny Meeting Two – Partner Agency Representatives and Council Officer – 04 March 2020

18. Scrutiny meeting two consisted of a representative from Skills Development Scotland (SDS), Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE) and the Council's Economic Growth Manager.
19. The key messages from this meeting are set out in exhibit 3.

#### Exhibit 3 – Scrutiny Meeting 2 – Partner Agency Representatives - Key Messages

Theme	Detail
Partner input into Strategy creation and ongoing partnership working to deliver Strategy.	<p>Partner agency representatives agreed that partnership working is promoted through numerous ongoing projects and participation in numerous boards and groups, also a significant amount of the data used to inform the Strategy are shared data sets that all partners utilise, thereby lending further authority to their economic analysis</p> <p>Attendees agreed that their respective agencies had been consulted with in relation to the Strategy, in a general sense, through existing working groups/consultation exercises rather than more focused consultation which</p>

	<p>they felt would have been beneficial.</p> <p>There was clear recognition from attendees that the Strategy cannot be delivered by the Council only, it needs to be delivered through various partners and external bodies.</p> <p>There was agreement from all attendees that the Strategy is relevant and reflects their common priorities.</p> <p>The Panel were of the view that one of the greatest risks to the delivery of the Strategy is the need to ensure strong partnership working, ongoing engagement and promoting buy in from all partners. This could include appointing agency partners to take the lead on delivering specific projects or programmes.</p>
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### Scrutiny Meeting Three – Council Officer – 03 December 2020

20. Scrutiny meeting three consisted of the Council’s Head of Economic Development, who has overall responsibility for the Strategy. The key messages from this meeting are set out in exhibit 4.

#### Exhibit 4 – Scrutiny Meeting 3 – Council Officer - Key Messages

Theme	Detail
Prioritisation of Strategy themes/actions plan points	<p>The delivery of the actions in the action plan is dependent on the resources available to deliver them and the commitment of a range of delivery partners.</p> <p>Given the limitations on resources the panel explored at some length with the Head of Economic Development which elements of the strategy had priority. He advised that the three overall themes in the Strategy are reflective of the current economic climate and the common priorities with external stakeholders. The three themes are reflected in a suite of some 46 actions in the action plan attached to the Strategy.</p> <p>The Panel queried whether the individual actions in the plan should be prioritised. Whilst assurance was provided that all the actions had the same level of priority the Panel remain concerned that the volume of actions, the lack of prioritisation, and the difficulty this might create when trying to align resources to actions, which may have a detrimental impact on the positive outcomes that the Strategy is aiming to deliver.</p> <p>Officers have endeavoured to strike a balance between ensuring the strategy is focused on activity that will have the most economic benefit and ensuring it delivers projects across all the Council administrative areas. Whilst the Panel recognise the Economic Strategy should be of benefit to all areas of Argyll and Bute, it is important to recognise there will be occasions where investment should be focused on assessed need and projected outcomes and should not necessarily be split on a pro-rata basis across localities.</p>

Deliverability of Strategy	<p>The Panel recognises the Council does not have sufficient resources to deliver the Strategy and action plan. The Economic Development team has limited resource and therefore strong and collaborative partnership working is key for future economic recovery and delivering the Strategy.</p> <p>The action plan clearly states what the Council is able to do and where the Council can intervene, lobby, influence or facilitate the delivery and achievement of actions. In 15 action points the Council is able to intervene mainly through the Rural Growth Deal. In some 25 action points the Council seeks to influence or facilitate – which places a heavy reliance on the buy in of external partners to secure delivery of these plans.</p> <p>The Panel revisited the issue discussed at Scrutiny Meeting 2 about the reliance on partnership working to deliver the Strategy but also considered whether the resource dedicated by the Council to support the delivery of the Strategy is properly reflective of the importance of delivery of the Strategy to the economy of Argyll and Bute. This is particularly so as the stated overriding priority of the Council is to increase its population. However, in the view of the panel, population increase is heavily dependent on growing the business base and enhancing local skills and the Council needs to consider in its budget setting the priority it is giving to these measures.</p>
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### 3. Findings

21. Based on the information obtained over the course of the review the Panel has identified five findings. These are not solely limited to the Economic Strategy, they are learning points for the Council to consider when creating any similar strategies in future.

#### Exhibit 5 – Findings

No.	Finding	Learning Point
1	<p><b>Resource to Deliver Strategy and Action Plan</b></p> <p>Throughout the scrutiny process the Panel have recognised the scale of ambition and the challenges to fully deliver the Strategy and associated action plan within the available resources, both to the Council and the external delivery partners.</p> <p>In particular the Panel were of the view that the Council should consider the benefit of appointing a dedicated resource to the Economic Strategy to provide focus and help accelerate project delivery.</p>	<p>The Council should consider whether the current level of resource they are committing to delivering the Strategy is realistic and aligned to the ambition, challenge to deliver and the positive impact the Strategy could have on the Argyll and Bute economy.</p> <p>In a more general sense, the Council should consider whether action plans are realistic and achievable within the resources available.</p>
2	<p><b>Evidence Base for the Strategy</b></p> <p>There was a lack of clarity on the</p>	<p>For future strategies a key suite of reports or appraisals to be used as an evidence base should be agreed by partners in</p>



No.	Finding	Learning Point
	<p>substantive evidence base which underpins the strategy. Officers provided a long list of data sources but did not make clear the key links behind the findings of the recent major economic appraisals which the Council and partner agencies had commissioned. This made it difficult for the panel to know whether various action plans were routed in these appraisals or otherwise. Also the omission of endnotes referring to these sources meant that the opportunity to enhance the authority of the strategy had been missed.</p>	<p>advance of a strategy being commissioned. These reports could follow a SWOT exercise or a 'mapping and gapping' analysis on the main themes of the given strategy.</p> <p>In turn these reports should be referenced (with web links) in the strategy preferably in a well laid out Appendix.</p>
3	<p><b>Partnership Working</b></p> <p>Whilst the Council and delivery partners have demonstrated good partnership working the successful delivery of the Strategy continues to rely heavily on ongoing engagement with, and commitment from delivery partners. Engagement to date has tended to be through established working groups.</p> <p>The Council should aim to promote delivery partner buy in to the successful delivery of the Strategy and any similar processes in the future.</p>	<p>The Council should utilise the expertise of, and engage with, delivery partners from the beginning and throughout similar processes in the future.</p> <p>The Council should ensure that there are appropriate mechanisms in place to provide for focused engagement and buy in from relevant stakeholders.</p>
4	<p><b>Prioritisation of Action Plan</b></p> <p>There are a large number of actions in the Strategy Action Plan which need to be delivered both by the Council and in partnership with a range of delivery partners.</p> <p>The Panel is concerned that the volume of actions, the lack of prioritisation, and the difficulty this might create when trying to align resources to action may have a detrimental impact on the positive outcomes that the Strategy is aiming to deliver.</p>	<p>The Council should ensure that actions and aims have been prioritised and the rationale behind this is clear to ensure resources are focussed appropriately.</p>
5	<p><b>Economic Strategy Coverage</b></p> <p>Whilst the Panel recognise the Economic Strategy should be of benefit to all areas</p>	<p>The Council should ensure that the assessed needs and projected outcomes of themes and action points are the main focus when creating strategies and</p>

No.	Finding	Learning Point
	<p>of Argyll and Bute, it is important to recognise there will be occasions where investment should be focused on assessed need and projected outcomes and should not necessarily be split on a pro-rata basis across localities.</p>	<p>pressure to ensure equality between localities is not an obstacle to achieving the optimum outcomes from the strategy.</p> <p>To enable a clearer understanding of priorities for intervention the four area profiles should contain a common set of statistics drawn from authoritative labour markets, business and education data.</p>