

A close-up photograph of a white industrial robotic arm with a precision tool head, positioned over a workpiece. The background is a blurred factory floor with blue lighting. The SLAED logo and text are overlaid on the top right of the image.

SLAED

Scottish Local Authorities
Economic Development Group



Scottish Local Authorities' Economic
Development Group

Strategic Plan 2026-2029

Providing a national voice for local economic development

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Executive Summary

The Scottish Local Authorities' Economic Development (SLAED) Group is the professional network for economic development officers across Scotland's 32 local authorities. For over two decades, SLAED has provided a strong, collective officer voice, shaping national and regional policy and ensuring that local government is a central partner in driving sustainable, inclusive economic growth.

The SLAED Plan 2026–2029 sets out the vision, priorities, and actions that will guide the network over the next three years. It recognises the challenging economic and fiscal context in which councils operate—characterised by global uncertainty, constrained resources, and rising demand for services—while also identifying opportunities to build resilience, innovation, and wellbeing at local, regional, and national levels.

At the heart of the Plan is a commitment to promoting a wellbeing economy that delivers prosperity fairly, tackles inequalities, addresses climate change, and supports vibrant local communities. To achieve this, SLAED will:

- Champion the role of local authorities as lead partners for economic development, ensuring their contribution is recognised in national policy and supported through sustainable funding.
- Strengthen collaboration across councils and with national partners to deliver joined-up approaches.
- Advance cross-cutting priorities, including employability, business support, rural and tourism development, funding, and performance, while embedding key themes of resilience, fairness, digital innovation, climate action, and place-based approaches.
- Represent and influence nationally, providing evidence-led policy input, responding to consultations, and ensuring local government's officer voice informs UK and Scottish Government strategies and policy.
- Support professional development and workforce planning within economic development services, building capacity, sharing best practice, and encouraging new entrants into the profession.
- Measure and articulate impact through the SLAED Indicators Framework, demonstrating the vital contribution of local government economic development to Scotland's economy and communities.

The Plan also aligns with the Scottish Government's National Strategy for Economic Transformation, the Wellbeing Economy agenda, the Community Wealth Building Bill, and Just Transition to Net Zero commitments. SLAED's work will continue to link economic development to broader outcomes, including tackling child poverty, promoting fair work, and enabling sustainable communities.

SLAED will keep the Plan under regular review, adapting priorities to reflect emerging challenges and opportunities. Ultimately, its success will depend on active engagement from officers across all 32 councils, whose voices and leadership are central to shaping Scotland's future economy.

About SLAED

The Scottish Local Authorities' Economic Development (SLAED) Group is the professional network for economic development officers from across Scotland's 32 local authorities. It provides the officer voice for Scotland with Scottish and UK Government and other national agencies to help shape vibrant, local and regional economies, ensuring that local government is a core partner. At the heart of the SLAED agenda, is a central focus on promoting and delivering economic wellbeing for all communities.

SLAED's strength lies in its longevity, which has established a strong culture of working collegiately across all 32 local authorities in Scotland. It has grown in strength and recognition over the years as the key body for engaging with national organisations and is seen as a voice of expertise in the economic development field. This collective voice of officers continues to raise the profile of the successes and opportunities of economic development at a local and national level.

In addition to a focus on traditional economic development services, the work of SLAED is also increasingly focused on a broader agenda, making linkages with colleagues across professions to maximise the impact of the full range of economic levers available to councils and to ensure holistic, joined-up service design and delivery. Economic development has played an important coordinating role between all business-facing council services such as Planning, Environmental Health, Licencing, Rates etc providing a more joined up approach for the business community.

The SLAED Strategic and Thematic Groups currently have a focus on Employability, Business, Funding, Rural, Tourism and Performance.

The **People (Employability) Group** has been instrumental in the shaping and roll out of No-one Left Behind, the development and improvement of Local Employability Partnerships, the development of Parental Employment Support and the People and Skills element of the UK Shared Prosperity Fund, among many other elements of employability support.

The **Business Group** brings officers together to share knowledge on and develop approaches to business start-up, business sustainability and company growth support. It provides a clear mandate for any representatives to speak on behalf of SLAED on issues related to inward investment, international trade, innovation, inclusive growth, social enterprise, cooperative development, business start-up, SME support, business engagement and local economic impact of businesses. As part of this, Business Gateway plays a key role in providing support to businesses and is aligned to local authority economic development service delivery.

The **SLAED Funding Group** focuses on navigating a complex funding landscape between UK and Scottish Government sources and priorities, helping members to understand challenges and opportunities and responding to consultations and engagement from both UK and Scottish Governments.

The **Rural Group** considers key strategic issues and provides a collective voice in response to the current/future Scottish rural policy and funding agenda, recognising that local rural

operational issues will differ for local authorities depending on the level of rurality within that council area.

The **Tourism Group** provides a strategic link between local authorities and national tourism stakeholder groups such as the STA (Scottish Tourism Alliance), works collaboratively and identifies projects that will assist in the delivery of local authority targets within the National Tourism Strategy: Tourism 2030, identifies local authority tourism industry issues and works towards influencing change.

The **Performance Group** serves as the custodians of the SLAED Indicators Framework and develops, continually improves and maintains the suite of performance indicators to ensure their relevance as appropriate measurements of local economic development services provided by Scottish local authorities. They provide guidance and clarification to councils in defining and reporting on indicators to support consistency in performance measurement. They encourage and support active use and analysis of data to understand performance in economic development interventions and drive improvements in service delivery and help to articulate the value added by local economic development services.

In addition to the work of the individual groups, who also share practice and knowledge, and work to develop solutions to challenges in their area of focus, SLAED plays a key role in the development of the economic development workforce in local government, providing opportunities for continuous improvement in economic development practice.

It also plays a role in areas such as tackling child poverty, through employability services targeted at parents, and climate change, through support for green jobs and skills, support for businesses to become more climate friendly and support for business sectors such as renewables. It provides direct support to three of the pillars of Community Wealth Building: Workforce and fair work through its employability services and Inclusive Ownership through business support which can include social enterprises, employee owned businesses and cooperatives. Economic development services also have a wider contribution to creating a wellbeing economy through engagement with Supplier Development, support for businesses to grow and adapt to be part of the local supply chain for large anchor organisations and collates the broader indicators of economic success via the SLAED wellbeing indicators.

SLAED's Governance Structure takes the form of an Executive, supported by Strategic and Thematic Groups with a particular focus on key elements of economic development, as outlined above and set out at Appendix 1. These groups are reviewed over time to ensure they meet the needs of officers and local economies and are focused on the most important elements of economic development. They consider the many cross cutting issues that impact on their area of focus.

Vision

SLAED's vision is to provide an effective forum for all 32 councils to collaborate and communicate, representing, supporting, promoting and further developing the vital role played by local authorities in contributing to the development of Scotland's dynamic, adaptive, sustainable, inclusive economy. It does this by reflecting the work of the 32 councils and providing a national officer voice for local economic development, influencing national discussions and policy.

Context

There is no single agreed definition of economic development, but it can include targeted investment in, and running of, infrastructure, investment in skills and training, and support for marketing, promotion and network building. These interventions can have various purposes, including improving productivity, encouraging 'greener' activity, supporting innovation, generating more exports, promoting start-ups, encouraging inward investment, and getting people into good quality jobs.¹

Local authorities in Scotland have direct responsibility for local economic development, including employability services, local area regeneration and the delivery of business advice and support services, mainly via Business Gateway. They are also responsible for a wider range of services and functions which impact directly on the growth of the economy, including:

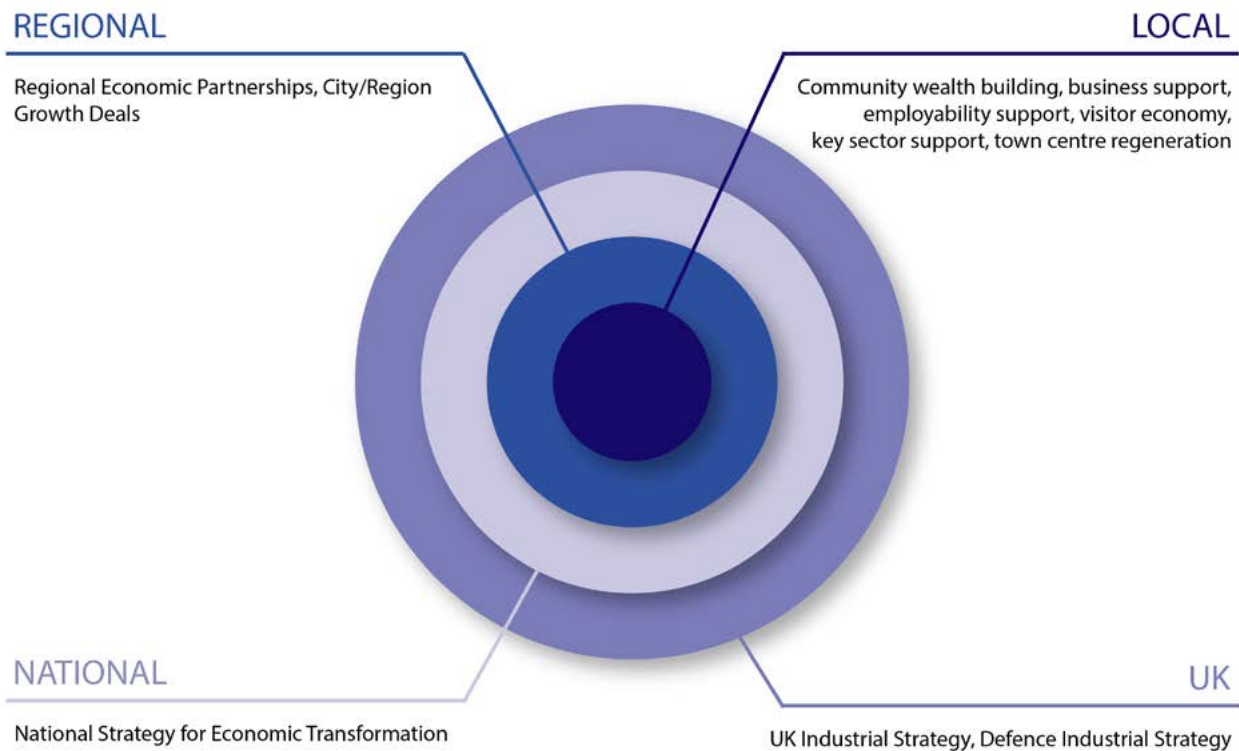
- planning, roads and transport, environmental health, education and childcare, events and tourism, community development and culture and leisure services
- the delivery of City and Growth Deals and the development of broader regional economic partnerships
- developing strong linkages between economic development and wider priorities in Scotland at national and local levels such as addressing inequalities, child poverty, connectivity, climate change and improving outcomes
- contributing to the delivery of a range of national performance framework outcomes, including 'we have a globally competitive, entrepreneurial, inclusive and sustainable economy' and 'we have thriving and innovative businesses, with quality jobs and fair work for everyone'.

The wider Scottish, UK and global policy and economic context informs the priorities which SLAED will seek to deliver over the course of this Plan. These are summarised below with more detail provided in Appendices 2 and 3.

There are different levels at which economic development works in Scotland – local, regional, national and at the UK level.

1 <https://digitalpublications.parliament.scot/ResearchBriefings/Report/2021/9/21/93890a51-89d8-405a-a756-d9a352e5fba9>

Figure 1



Local Government works in partnership at these different levels with a range of regional and national organisations, including:

- Scottish Enterprise
- Highlands and Islands Enterprise
- South of Scotland Enterprise
- Skills Development Scotland
- Regional Economic Partnerships
- Scottish National Investment Bank

There are also a wide range of other [professional organisations](#) that SLAED interacts with on particular topics.

Policy Context

Economic Development in Scotland is delivered within a constantly changing policy landscape, influenced by both the UK and Scottish Governments, as well as global developments – particularly from the United States. The OECD has stated that their latest economic outlook shows that today’s policy uncertainty is weakening trade and investment, diminishing consumer and business confidence and reducing growth prospects.

Local authorities are often expected to implement a wide range of policies and strategies outlined in this section, frequently without additional resources or prior involvement in their development—despite being responsible for delivery. To address these challenges, SLAED members collaborate to share best practice, identify solutions, and communicate both obstacles and opportunities to policy makers.

UK and Scottish Government policies attempt to provide direction for the development of the economy and focus on growth. One of the key missions of the UK Government is to ‘Kickstart Economic Growth’ which focuses on raising living standards and housebuilding.

The most relevant UK and Scottish Government policies for SLAED are:

- UK Government’s Modern Industrial Strategy
- Scottish Government’s National Strategy for Economic Transformation
- Scottish Government’s Public Service Reform Strategy
- No One Left Behind: Employability Strategic Plan 2024 to 2027
- Scotland’s Wellbeing Economy
- Community Wealth Building (Scotland) Bill
- Just Transition to Net Zero
- UK Defence Industrial Strategy.

A more detailed outline of these policies is set out at Appendix Two.

Regeneration Strategies also have an impact on the delivery of economic development particularly given that some of the funding flows through sources such as Town Centre Regeneration and Place Based Investment Funding. These strategies, plans and reports include [Achieving a sustainable future: regeneration strategy](#) and the [Town Centre First Principle](#) and there are useful resources such as the Scotland’s Towns Partnership [Town Toolkit: Business and Enterprise](#).

Additional Scottish Government strategies and plans which also inform the work of SLAED members include the [Green Industrial Strategy](#), [Fair Work Action plan](#) and [Best Start, Bright Futures](#), which is the national tackling child poverty plan. Whole family approaches, prevention and early intervention initiatives also inform economic development and how it is delivered.

Other useful documents include the [Inclusive and Democratic Business Models report](#) which informs one of the pillars of Community Wealth Building and in the near future there will be a renewed SME Growth Action Plan that will inform how business support services are delivered.

The work of SLAED members is also informed by the [Verity House Agreement](#) between local and national government, which includes the commitment that Scottish and Local Government will work together to:

1. tackle poverty, particularly child poverty, in recognition of the joint national mission to tackle child poverty
2. transform our economy through a just transition to deliver net zero, recognising climate change as one of the biggest threats to communities across Scotland, and
3. deliver sustainable person-centred public services recognising the fiscal challenges, ageing demography and opportunities to innovate.

Economic Context

The economic context within which economic development sits is impacted upon by geopolitical tensions and global uncertainty, tariffs and trade challenges, reduced public sector funding, local versus regional working, increased costs of living and doing business in a time of low consumer confidence and a challenging fiscal outlook.

An outline of the significant economic issues is set out in Appendix 2.

SLAED has a role to make sure the voice of local government economic development is at the table around all of the policy and economic context issues in Scotland, reflecting local experience and informing policy and plans that will impact on local delivery of services.

SLAED Priorities



Develop and promote the role of local authorities, as the lead partners for local economic development delivering national priorities and creating joined-up, preventative services to improve outcomes for communities.



Provide a dynamic forum for local government economic development colleagues to work together share information and expertise, encourage best practice, innovation and continuous improvement, creating a proactive network in a position to respond to key issues.



Represent local authority economic development interests at a national level shaping policy, leading the agenda through engagement with stakeholders, including engagement with the UK Government about programmes and sustainable funding.



Work in close partnership with other local government groupings and other local government professional groupings in order to maximise collective impact and ensure a joined-up, holistic approach across local government maximising impact and driving opportunities.



Promote sustainable and adaptable economic development that advances economic wellbeing and positively contributes to inclusive economic growth and resilience including through contributing to the delivery of Community Wealth Building.



Analyse and report on the contribution made by local authorities to economic development via the annual SLAED Indicators Report² and dashboard seeking to understand the wider impact of economic development on wellbeing.



Inform, influence and support the ongoing development of professional standards and continuous improvement in economic development practice, broadening the experience of officers, seeking continuing professional development opportunities and networking.

2 <https://www.slaed.org.uk/slaed-indicators-framework>

Cross Cutting Themes

Economic Resilience, Adaptation and Inclusive Growth

The uncertainty and unrest across the world in the last 5 years in particular have hit both businesses and consumers alike. The role of economic development in supporting local economies is vital to economic wellbeing in Scotland, with business support services in particular having to respond to ongoing crises.

SLAED members will play a key role in responding to the challenging economic circumstances and how it has impacted on their local economies.

Successfully Tackling Inequality

Economic development has a key role in tackling inequality and is set out as one of the priorities in the NSET.³ Stimulating sustained and inclusive economies is an important driver to decreasing inequality through action such as increasing people's earnings, improving access to essential services, and enhancing long-term development prospects, without diminishing growth. The No One Left Behind policy direction which includes initiatives such as All Age Employability, Specialist Employability Support and eradicating Child Poverty with the support of the Parental Employability Support Fund and other local interventions through Local Employability Partnerships, contribute to tackling inequality. Initiatives such as Whole Family Support should include support into the labour market as part of the package of support for families and Economic Development services need to ensure they are part of the development of this approach.

Targeted support for people who are experiencing inequality of outcome to engage with the labour market is an important cross cutting economic development agenda and SLAED will seek to ensure this is embedded across the workplans of each of the subgroups.

Climate Change and a Just Transition to Net Zero

The Climate Change targets for Scotland include:

- Emission Reduction Goals: Scotland aims to reduce emissions by 57% over the next five years and 69% by 2035, compared to 1990 levels, with a net zero target by 2045.
- Carbon Budgets: From 2026 to 2045, five-year carbon budgets will be set by Scottish Ministers, who are legally required to ensure these targets are met.

As set out in Appendix 2, a just transition to achieving net zero must be fair, addressing climate-related inequalities, supporting affected communities, and ensuring workforce reskilling for emerging green jobs.

Local government economic development services are key to supporting emissions reduction, green jobs, and sustainable business practices. SLAED will represent local authorities to shape policies and promote climate-conscious sectors like eco-tourism and food & drink.

3 <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/pages/8/>

SLAED members will also work with other services such as Planning and how this impacts local industry, as well as looking at the impact of climate change on the economy, including business growth and skills development opportunities.

Place

The Scottish Government and COSLA have agreed to adopt the 'place principle' to help overcome organisational and sectoral boundaries, to encourage better collaboration and community involvement, and improve the impact of combined energy, resources and investment.

The place principle requests that:

- all those responsible for providing services and looking after assets in a place need to work and plan together, and with local communities, to improve the lives of people, support inclusive and sustainable economic growth and create more successful places.

There is a commitment to taking:

- a collaborative, place-based approach with a shared purpose to support a clear way forward for all services, assets and investments which will maximise the impact of their combined resources.

Place cuts across all of the objectives and actions set out in this plan, particularly in regard to supporting initiatives such as Town Centre Regeneration, Community Wealth Building and Wellbeing Economies and the delivery of the Place and Wellbeing Outcomes.⁴

Wellbeing Economy

A wellbeing economy is one which focuses on social justice and a healthy planet. A wellbeing economy is built around:

- Dignity: Everyone has enough to live in comfort, safety and happiness
- Nature: A restored and safe natural world for all life
- Connection: A sense of belonging and institutions that serve the common good
- Fairness: Justice in all its dimensions at the heart of economic systems, and the gap between the richest and poorest greatly reduced
- Participation: Citizens are actively engaged in their communities and locally rooted economies⁵

Wellbeing economies seek to measure the progress of the economy by looking at the quality of, and improvement in, people's lives, rather than short-term profit and Gross Domestic Product (GDP).

4 <https://www.improvementservice.org.uk/products-and-services/consultancy-and-support/planning-for-place-programme/place-and-wellbeing-outcomes>

5 <https://wellbeingeconomy.org/wp-content/uploads/2019/12/A-WE-Is-WEAll-Ideas-Little-Summaries-of-Big-Issues-4-Dec-2019.pdf>

A focus on fairness and equity, with an economy which benefits all, underpins this plan and the work of SLAED.

Community Wealth Building is one way in which a wellbeing economy can be delivered and more detail on CWB is set out in Appendix 2. It will become a requirement once the Community Wealth Building (Scotland) Bill is enacted, requiring local authorities and relevant public bodies to prepare and publish a community wealth building action plan, and to implement that plan. Economic development plays a crucial role in the delivery of Community Wealth Building and once the Bill becomes an Act will continue to lead, as a statutory duty, on shaping local approaches.

A Strong Digital Economy

Scotland's economy must adapt and seize opportunities to innovate ethically in an interconnected world where digital technology continues to disrupt markets and revolutionise industries.⁶

The role for local economic development is to connect businesses to support that will enable them to be secure digital businesses, attract investment for and from technology businesses, facilitate investment in digital infrastructure and support the development of digital skills in the workforce.

AI is expected to significantly influence the global economy by:

- Boosting productivity and growth
- Transforming industries
- Reshaping the labour market

It can enhance efficiency, improve decision-making through data analysis, and create new products, services, and markets. However, AI also poses risks:

- Potential **job displacement**
- Creation of **super firms** that concentrate wealth and power
- **Widening inequality** between countries and within societies
- Increased **demand for certain skills** while making others obsolete
- Possible **reduction in wages** and **shrinking tax bases**.

While these concerns are valid, there is **no clear consensus** on how or to what extent these risks will materialise.

Across the various objectives and actions SLAED considers how digital factors in the delivery of services, skills development, employment opportunities in digital technologies and how businesses can use digital technology to innovate.

6 <https://www.gov.scot/publications/a-changing-nation-how-scotland-will-thrive-in-a-digital-world/pages/part-two-a-strong-digital-economy/>

Industry and Trade

As outlined in Appendix 2 the UK Modern Industrial Strategy focuses on some key sectors with the Department for Business and Trade (DBT) looking for projects of scale rather than in smaller projects, which emphasises the importance of regional working in certain circumstances, with growth capability and economies of scale important requirements.

Locally, local authorities have opportunities to drive investment by unlocking and accelerating employment land to provide opportunities for the development of projects, businesses and opportunities. SLAED members require to work closely with Planning and Asset Management to see opportunities for growing industry and trade.

In response to the changing landscape of international trade SLAED members will continue to explore new market opportunities, support business resilience and navigation of trade and investment.

SLAED members have been engaging with DBT both at the Scottish and UK level, with opportunities to develop these relationships and collaboration to ensure that SLAED are one of their key consultation partners.

Funding and Resources

Economic Development: Funding Challenges

Economic development is a non-statutory function that competes for limited resources and often depends on external funding to deliver its activities. This reliance presents several challenges:

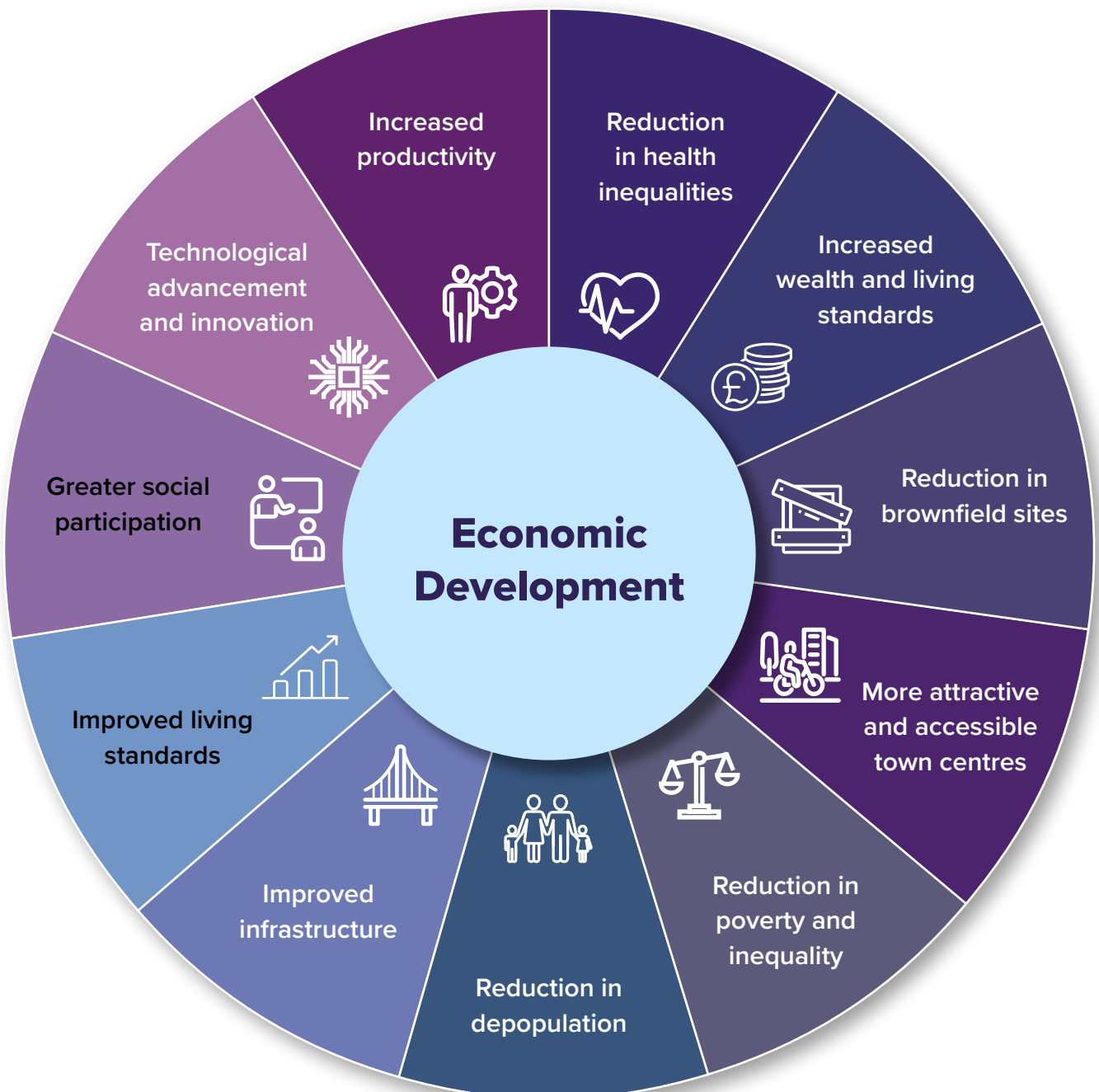
- **Reduction in External Funding:** External funding has seen significant cuts. For example, the Scottish allocation for the UK Shared Prosperity Fund (UKSPF)—which replaced EU funding—is set at £75 million for 2025/26, a 35% reduction compared to the annual allocation under the 2014–2020 European Structural Investment Fund programme. Other UK and Scottish Government funding streams have either remained static (declining in real terms), received modest increases, or been reduced.
- **Risk to Ring-Fenced Funding:** If currently ring-fenced funds such as UKSPF or No One Left Behind are absorbed into general annual settlements, there is a risk they could be redirected to other priorities, undermining economic development efforts.
- **Short-Term Funding Cycles:** Annual funding allocations hinder long-term strategic planning. This leads to reactive rather than proactive interventions and limits the ability of councils to align funding with local needs and opportunities.
- **Frequent Changes in Funding Approaches:** The mechanisms for allocating funding change frequently, and local authorities are rarely consulted during the development of new programmes—despite being central to their delivery.
- **Administrative Burden and Capacity Constraints:** With reduced staffing and resources, the competitive bidding process for funding is increasingly difficult. According to the Local Government Association (LGA), this process costs councils across the UK approximately £2.25 million annually. Overall capacity constraints further challenge economic development teams.

- **Limited Influence:** Individual local authorities often struggle to engage effectively with decision-makers at regional (regional economic partnerships) and national (Scottish and UK) levels, resulting in a limited voice in shaping funding priorities and programme design.

SLAED’s Funding Group focuses on navigating the complex funding landscape between UK and Scottish Government sources and priorities, helping members to understand challenges and opportunities, responding to consultations and engagement from both UK and Scottish governments, giving local authorities a strong voice.

Impact on Outcomes

In addition to the cross-cutting themes that influence economic development across Scotland, SLAED’s work to continuously improve the delivery of economic development across Scotland has positive impacts across a wide range of outcomes for those living in the communities councils serve.



Conclusion

This SLAED Strategic Plan sets out the vision and objectives for SLAED over the three-year period 2026–2029.

This revised SLAED Plan is to be delivered at a time of immense challenges for the economic development profession within local government, with a challenging economic situation and unprecedented impacts on global economies.

Whilst delivering on the objectives will undoubtedly be challenging, doing so will deliver significant benefits for the economy of Scotland and for the thousands of people and businesses that utilise the economic development services of Scotland's councils each year.

The success of SLAED in being able to deliver on the ambitions set out within this document is contingent on colleagues seeing value in this work; making time to share their experiences, engage in discussion and learn from others; embracing the opportunity to help shape the future direction of economic development and, in so doing, enhance the impact of their work - both within and beyond their own local authority area.

In short, full and successful implementation of SLAED's Plan will only be possible if economic development professionals from across the 32 local authorities accept the invitation to play an active role in helping deliver against this important agenda. SLAED's role is to ensure those professionals are engaged, involved and supported, ensuring their voices are reflected in national, regional and local plans for economic development.

Next Steps

Progress in delivering the SLAED Plan will be kept under regular review by the SLAED Executive Group, reported to the SLAED membership on an annual basis at the AGM and the plan will be updated as new priorities emerge. It is a living document and SLAED seeks to be agile in responding to national, regional and local developments, which will be reflected in periodic refreshes of this plan.

Appendix 1

SLAED's Governance

SLAED Executive Group and Sub-Groups

The mainstay of SLAED's work is carried out by its network of strategic and thematic groups. Reporting into the SLAED Executive Group, these groups comprise People, Business, Funding, Performance, Rural and Tourism. (see Fig. 1)

Fig. 1 – SLAED Group Structure



The work of the groups is key to contributing to the full range of SLAED's objectives by providing opportunities for discussion, collaboration, knowledge and practice sharing, policy development, responding to consultations, supporting professional development and overseeing the delivery of key outputs, such as the annual SLAED Indicators Report.

Each group has a remit and work plan. Actions taken to progress these work plans will be shared with and discussed by the SLAED Executive to ensure alignment to the wider network and SLAED priorities.

The SLAED Executive Group includes the Chairs and Vice Chairs of each sub-group and some non-portfolio representatives. It will continue to act as the key strategic group, with oversight responsibility for co-ordinating SLAED activities; developing relationships; responding to requests for input; organising webinars, AGM and other events; as well as maintaining and developing SLAED's membership. The Executive Group will also consider the cross-cutting themes outlined in this plan and will identify representatives to engage on any working groups.

Appendix 2

Policy Context Detail

UK Government Modern Industrial Strategy

One of the ways the UK government aims to grow the economy is through the [UK Government's Modern Industrial Strategy](#)⁷ which sets out 8 sectors (the IS-8) that the UK Government has identified as having the highest potential and targeting the places and clusters across the UK to support these. The IS-8 sectors are:

- Advanced Manufacturing
- Defence
- Clean Energy Industries
- Digital and Technology
- Creative Industries
- Financial Services
- Life Sciences
- Professional and Business Services

The strategy is place-based and will focus efforts on the city regions and clusters with the highest potential to support the growth-driving sectors in England, Wales, Scotland and Northern Ireland. It is underpinned by a consistent priority of the economic opportunities of net zero, with the government saying it will act strategically to boost green manufacturing, services, innovation, exports and the circular economy.

Other economic drivers from the UK government include the Defence Review, AI Opportunities Action Plan, the Plan to Make Work Pay, the Get Britain Working White Paper, UK Trade Strategy and the replacement funding for the current transition year, 2025-26, of the UK Shared Prosperity Fund.

Scottish Government National Strategy for Economic Transformation

The Scottish Government published its [National Strategy for Economic Transformation](#) (NSET) in March 2022, outlining 6 key programmes for delivery:

1. Entrepreneurial People and Culture
2. New Market Opportunities
3. Productive Businesses and Regions
4. Skilled Workforce
5. A Fairer and More Equal Society
6. A Culture of Delivery.

7 https://assets.publishing.service.gov.uk/media/68595e56db8e139f95652dc6/industrial_strategy_policy_paper.pdf

Local government has a crucial role in delivering on these programmes at a local level, however, there has been little engagement of local government economic development on the delivery of NSET since its publication. Both SPICe and Audit Scotland have questioned progress on the delivery of the NSET and which of the many actions outlined are priorities for Scottish Government.

Scottish Government Public Service Reform Strategy

The work of SLAED also sits within the context of the [Public Service Reform Strategy](#) which Scottish Government says sets out commitments to change the system of public services - to be preventative, to better join up and to be efficient - in order to better deliver for people. It sets out how they will tackle systemic barriers to change.

The workstreams set out in the strategy which are of particular relevance to economic development are:

Workstream 3: Empowering People, Places and Communities

- Work with regional and local partners to identify how best to formally devolve further elements of decision-making and delivery to Regional Economic Partnerships (REPs), and present options before the end of this Parliament.

Workstream 13: Digital skills and resource

- Accelerate the delivery of a strong, digitally skilled workforce through the Scottish Digital Academy. This will include the development of a capability toolkit to assess the current skills of our workforce and identify any gaps.

In addition, there are 3 pillars underpinning the workstreams which are relevant to all council services:

- Pillar 1: Prevention
- Pillar 2: Joined Up Services
- Pillar 3: Efficient Services

No One Left Behind: Employability Strategic Plan 2024 to 2027

The Scottish Government's [NOLB Employability Strategic plan](#) aims to deliver an employability system that tackles inequalities in Scotland's labour market, creating a responsive and aligned approach that helps people of all ages who face the greatest barriers to progress towards and into sustained work. The strategic priorities of the plan underpin the work of Employability services and are:

- Continuing to improve the employability system
- Increasing awareness and uptake of employability support
- Tackling child poverty by increasing parental income from employment
- Supporting disabled people and those with a long-term health condition

- Delivering jointly with wider public services
- Working with employers to improve outcomes
- Supporting a just transition and net zero

Supporting people into fair, sustainable jobs is central to delivering many of the ambitions for an inclusive, sustainable economy with well-being at its core. Employability services are pivotal to avoiding the widening of social and economic inequalities by supporting those who are most vulnerable. Local employability partners recognise the vital role that a range of organisations across the employability landscape play and are committed to protecting a diverse range of provision and ensuring that the right support is put into place for those who rely on these services. The Local Employability Partnerships (LEPs) build on the strengths of existing national and local services, to better align funding and to improve the integration of employability services with other support to ensure that services are designed and delivered around the needs and aspirations of those using services. LEPs will take forward the actions from the No One Left Behind delivery plan at a local level, based on the principles which underpin the approach contained within the partnership agreement for employability, agreed by Scottish and Local Government in December 2018.

Scotland's Wellbeing Economy

The Scottish Government published [Scotland's Wellbeing Economy](#) in July 2025 setting out a broader view of what it means to be a successful economy, society and country.

The Scottish Government's definition of a wellbeing economy is:

“an economic system operating within safe environmental limits, that serves the collective wellbeing of current and future generations.”

The key features of a wellbeing economy are:

- Putting people and the environment at the heart of the economy, based on the principles of equality, sustainability, prosperity and resilience.
- Everyone having access to fair, meaningful, sustainable work.
- Responsible, purposeful businesses being supported to thrive and innovate.
- Communities being empowered to take a greater stake in the economy, with more wealth generated, circulated and retained within local communities.
- Resilience founded on equality, human rights and social justice.
- An economy which meets the needs and aspirations of current and future generations and provides opportunities for all.
- Supporting the long-term transformations in the economy and all of society needed to thrive within the planet's environmentally sustainable limits, embodied by climate and nature targets.
- Improving people's mental and physical health and wellbeing, tackling inequalities and supporting good and green jobs and businesses so people and places can thrive and prosper.

- Sustainable, purposeful economic growth to drive improved living standards, promote wellbeing, reduce poverty, and deliver sustainable high quality public services.

In a wellbeing economy, the economy is embedded within society and the environment, part of an interconnected system that supports people and planet.

Community Wealth Building is one of the methods public bodies can use to work towards a wellbeing economy.

Community Wealth Building and the Community Wealth Building (Scotland) Bill

Community Wealth Building seeks to transform our local and regional economic systems to enable local communities and people to own, have a greater stake in, access and benefit from the wealth our economy generates. In harnessing the economic leverage of local ‘anchor’ organisations (such as local councils, health boards and colleges), Community Wealth Building has the potential to:

- create jobs
- reduce supply chains
- strengthen local and regional economies

This approach works by encouraging action that stimulates new opportunities for local businesses to access public procurement opportunities, support the flows of new investment finance, and offer businesses, including social enterprises, employee-owned firms and co-operatives the opportunity to start up and grow.

Community Wealth Building acts as a framework for place-focused activity across five interlinked pillars:

Spending

Through procurement, commissioning and wider investment, develop local businesses, support the creation of employment opportunities, develop shorter supply chains and maximise community benefit.

Workforce

Increasing fair work and developing local labour markets that support the strength, cohesiveness and resilience of communities.

Land and property

Growing social, ecological, financial and economic value that local communities gain from land and property assets.

Inclusive ownership

Developing more local enterprises which generate community wealth, including social enterprises, employee-owned firms and cooperatives.

Finance

Ensuring that flows of investment and financial institutions work for local people, communities and businesses.⁸

The Community Wealth Building (Scotland) Bill has been introduced by the Scottish Government to support the delivery of Scotland's National Strategy for Economic Transformation and its broader vision for a Wellbeing Economy. At its core, the Bill aims to tackle economic and wealth inequality by enabling communities to generate, retain, and circulate wealth locally. To achieve this, it establishes a consistent national framework for CWB that ensures a shared commitment to this model of local economic development, while still allowing flexibility to respond to the unique challenges and opportunities within individual places across Scotland.

Key aspects of the bill include:

- A Community Wealth Building Statement which outlines measures being made to a) reduce economic and wealth inequality, and b) support economic growth. Ministers must draft and consult upon this statement and every 5 years review the statement and report on the steps they have taken in respect of measures included in the statement.
- Community Wealth Building Guidance must be produced by ministers for (a) community wealth building action plans, (b) facilitating and supporting the generation, circulation and retention of wealth in local and regional economies.
- Public Bodies (including local authorities) need to prepare, publish, consult on and implement a Community Wealth Building Plan, including an action plan, with measures the bodies will take to facilitate and support the generation, circulation and retention of wealth in the local economy. The action plan must be implemented and revised every 5 years and republished.
- The Community Wealth Building partnership includes:
 - o Local authorities
 - o Regional college
 - o Health Board
 - o Scottish Enterprise
 - o South of Scotland Enterprise
 - o Highlands and Islands Enterprise
 - o Skills Development Scotland
 - o Regional Transport Partnership
- There are options for joint plans between 2 or more local authorities and the relevant public bodies relating to them.

The Bill also requires certain public bodies to have 'due regard' for Community Wealth Building Guidance in the creation of the public bodies' corporate plan and in the delivery strategies in relation to that plan.

⁸ <https://www.gov.scot/policies/cities-regions/community-wealth-building/>

Just Transition to Net Zero

Achieving a 'Just Transition' has been identified as a Scottish Government priority. The 2019 Climate Change Act (the Act) outlined the Government's commitment to embedding just transition principles as central to achieving its national target of net zero emissions by 2045.

"In this Act, the "just transition principles" are the importance of taking action to reduce net Scottish emissions of greenhouse gases in a way which—

- a. supports environmentally and socially sustainable jobs,
- b. supports low-carbon investment and infrastructure,
- c. develops and maintains social consensus through engagement with workers, trade unions, communities, non-governmental organisations, representatives of the interests of business and industry and such other persons as the Scottish Ministers consider appropriate,
- d. creates decent, fair and high-value work in a way which does not negatively affect the current workforce and overall economy,
- e. contributes to resource efficient and sustainable economic approaches which help to address inequality and poverty."⁹

There are a number of other documents with varying expansions or interpretations of Just Transition but at its core just transition interventions can be defined as targeted, emission-reducing policy actions that aim to do one or more of the following:

What?

1. Reduce inequality and poverty.
2. Create well-paid low-carbon jobs, particularly in traditionally high-carbon sectors.
3. Directly or indirectly support low-carbon investment and infrastructure.

It is also commonly understood that to be 'just', these interventions must be created through:

How?

4. Recognition and action in relation to the unequal distribution of the harms of the climate crisis and costs of climate action on those who have contributed the least and are most vulnerable to its negative impacts, both within and outside of Scotland.
5. Dialogue and collaboration with those most affected by the transitions, including communities, trade unions and industry.
6. Re- and up-skilling of the current workforce to create and ensure access to well-paid, fair, green jobs.

Further, while mechanisms for and methods of implementation of just transition interventions differ between levels of government are necessarily context-specific (e.g. differences between urban and rural implementation), it is also evident that delivering interventions of this kind depends upon:

9 Just Transition Principles' (Climate Change Act 2019, Section 35C)

Where?

7. A proactive state engaging in multilevel governance, collaboration and the devolution of power to regional and local authorities.
8. Dissolving silos between those working in climate and economic development policy areas to co-design interventions founded on the definition given above.
9. Coproduction with affected communities through tailored communication and deepened democratic engagement.

UK Defence Industrial Strategy

The vision of the [Defence Industrial Strategy](#) is:

'People across the UK feel the maximum benefit from increasing defence spending, and the UK has a more competitive, integrated, innovative and resilient defence sector.'

The Strategy's priority outcomes are:

1. Making defence an engine for growth.
2. Backing UK-based businesses.
3. Positioning the UK at the leading edge of defence innovation.
4. Developing a resilient UK industrial base.
5. Transforming procurement and acquisition systems.
6. Forging new and enduring partnerships.

It commits to Defence Growth Deals with initial investment in Plymouth, South Yorkshire, Scotland, Wales and Northern Ireland. There are a number of local authorities in Scotland who will likely benefit from this investment due to the type of industries based there and SLAED will need to identify how it will support the Supply Chain and Skills Pipeline.

Appendix 3

Economic Context Detail

Impact of Global Uncertainty

The OECD Economic Outlook¹⁰ from June 2025 highlights a range of risks, starting with the concern that further trade fragmentation, including new tariff hikes and retaliatory actions, could intensify the growth slowdown and trigger significant disruptions in cross-border supply chains. Inflation could be more persistent than anticipated, especially in economies facing substantially higher trade costs or with tight labour markets, prompting more restrictive monetary policy and weakening growth prospects.

Higher debt payments could increase fiscal pressure on governments worldwide, while tighter financial conditions will pose additional risks for low-income countries. Equity markets have recovered from a recent slump but remain volatile.

On the upside, a reversal of new trade barriers would boost global growth prospects and reduce inflation. The impact of shifting political priorities in major economic regions and the impact of conflict on trade, economic development and investment streams has influenced confidence and incentives to invest.

Public Sector Funding

Audit Scotland has set out that Scottish Government funding to local government in 2025/26 is increasing by six per cent in real terms, to £15.2 billion. However, local government continues to face recurring pressures in excess of funding uplifts, such as inflation, annual pay deals and growing demand for services, and most of the increase will be used to deliver previously agreed national commitments. Alongside this, local authorities are facing additional costs related to the increase in employer's National Insurance contribution rates, and investing in new buildings and assets is increasingly expensive. At the time of setting their budgets for 2025/26, local authorities identified a difference of £647 million between anticipated expenditure and the funding and income they receive (the 'budget gap').¹¹ Economic development is a non-statutory service in local authorities although there are permissive powers to enable them to deliver this. When the Community Wealth Building (Scotland) Bill becomes an Act it will give a legislative role for economic development to be involved, but economic development services still remain vulnerable, given the tight fiscal situation across all local authorities.

An additional challenge is that funding comes from both the UK Government and Scottish Government for economic development services, requiring different reporting methods and levels of engagement. The timing of funding also poses problems for local authorities as often

10 <https://www.oecd.org/en/about/news/press-releases/2025/06/global-economic-outlook-shifts-as-trade-policy-uncertainty-weakens-growth.html#:~:text=%E2%80%9COur%20latest%20economic%20outlook%20shows,confidence%20and%20curbing%20growth%20prospects>

11 https://audit.scot/uploads/2025-05/briefing_250522_council_budgets.pdf

it is agreed part way through the financial year with a requirement for spend within too short a timescale, particularly for capital regeneration projects.

SLAED can support local authorities to work collaboratively to ensure fair distribution of funding, reflect local contexts, highlight challenges and work on the solutions to these.

Local vs Regional Working

As referenced in Figure 1 above, linked to funding is the split between working locally and regionally in regard to economic development. Community Wealth Building and Local Employability Partnerships (LEPs) focus on local communities, and LEPs are funded to take that local approach.

SLAED is well placed to promote better understanding of the scale of investments at a local level e.g. 10 jobs secured on an island could have the same economic multiplier supply chain and induced spending benefits equivalent to 100 jobs in a city and to clearly articulate local needs of businesses and those in or looking for work.

Increasingly the Scottish Government is focusing on a regional approach, particularly through Regional Economic Partnerships, building on the funding approach for City and Region Growth Deals. However, some of those growth deals only focus on one local authority area and the REPs have evolved around a funding opportunity, not by a need or strategy. REPs do not receive revenue funding to manage and facilitate regional approaches to economic development, which needs to be considered if more regional approaches are to be taken.

Additionally, while the City and Region Deals can sit at a regional level, they tend to deliver individual projects in a local authority area with some projects having regional impact depending on the type of infrastructure they are delivering. This focus at a regional level also does not take local democracy into account.

REPs such as the Highlands and Island Regional Economic Partnership cover a vast, dispersed geography, where a one-size-fits-all approach to regional policy is not appropriate. There is a need for understanding of the differing needs of regions and the scale of investment needed at different levels – national, regional and local. The control of that funding is a key issue which needs consideration with clear governance required on who holds or controls any regional funding and partnership approaches to the dispersal of the funding.

It is important that SLAED is involved in discussions around this developing regional focus to ensure that local needs are factored in and funding is secured, as well as ensuring that REPs are fit for purpose, given the different arrangements in each 'region'. SLAED is ideally positioned to support the upward lobby to Governments and the sideways/downward lobby at local and regional levels around these approaches.

Cost of Living and Doing Business

The cost of living crisis has presented serious economic and social challenges for Scotland and the UK, and has had a detrimental effect on businesses, communities, households, public sector budgets and the delivery of key public services. While the cost of living crisis affected

everyone, some households, services and sectors of the economy were much more exposed to rising prices.¹²

The crisis is also a cost of doing business crisis. The sharp increase in energy and materials prices has presented significant challenges for businesses, following on almost directly from the Covid-19 pandemic and further fuelled by ongoing conflicts and their subsequent economic impacts. Businesses responded to increased costs in several ways - by adjusting their prices, absorbing costs through reduced profits, and/or seeking to improve efficiency or reduce other operational costs. The longer-term effects of the cost-of-living crisis continue to present serious economic and social challenges for Scotland, and the crisis may negatively affect people's health, wellbeing and future resilience for years to come.

Trade

In 2025, trade in Scotland is facing a complex mix of challenges and opportunities as outlined above and below including being shaped by global economic shifts, EU Exit-related impacts, and domestic policy responses. Some of the key issues currently affecting Scottish trade include:

1. Global Trade Disruptions and Tariffs:

- US tariffs: The imposition of 10% tariffs by the US on all imports has had a disproportionate impact on Scotland's export-heavy regions, especially those reliant on whisky and manufacturing.¹³ This has led to reduced demand, increased costs, and supply chain disruptions.
- Geopolitical uncertainty: Conflicts in Ukraine and the Middle East, along with rising global trade tensions, have increased the World Trade Uncertainty Index, affecting investor confidence and trade flows.¹⁴

2. EU Exit Fallout:

- Trade barriers: EU exit has introduced significant non-tariff barriers, leading to an estimated £4 billion hit to Scotland's economy.¹⁵ Exports to the EU have dropped by 13% since the end of the transition period.¹⁶
- Sectoral impacts: Chemicals, pharmaceuticals, agrifood, and electronics have been particularly hard-hit, with output reductions ranging from 5% to 9%.¹⁷

3. Manufacturing Sector Decline:

- Grangemouth closure: The cessation of oil refining at Grangemouth in April 2025 has contributed to a 4.3% fall in manufacturing output.¹⁸

12 <https://www.gov.scot/publications/understanding-cost-living-crisis-scotland/pages/4/>

13 [Forecast downgraded as global trade concerns rise | EY - UK](#)

14 [Economic developments in first half of 2025. - Scottish Economic ...](#)

15 [Impact of Brexit on Scottish Trade - gov.scot](#)

16 [Brexit trade barriers impact Scottish exports, new report reveals](#)

17 [Impact of Brexit on Scottish Trade - gov.scot](#)

18 [Scottish economic insights: September 2025 - gov.scot](#)

- Broad-based declines: Food and drink production, refined petroleum, and industrial machinery exports have all seen notable drops.¹⁹

4. Export Strategy and Government Response

- Six Point Export Plan: The Scottish Government has increased funding for trade missions and enterprise support, aiming to generate £75 million in new export sales.²⁰
- New priority markets: Focused efforts are being made to expand trade with countries like Ukraine, Brazil, Mexico, and South Korea.²¹

5. Labour Market and Cost Pressures

- NIC increases: Higher employer National Insurance Contributions have affected hiring, particularly in hospitality.
- Inflation: Rising inflation has eroded real earnings growth, impacting consumer demand and business investment.²²

6. Trade Policy and Governance

- Devolved role in UK Trade Strategy: The Scottish Government continues to push for a formal role in shaping UK trade policy, emphasising the need for a joint strategy that reflects devolved interests.²³

7. Resilience and Opportunities

- Despite headwinds, Scotland's economy showed modest growth of 0.5% in the first half of 2025,²⁴ and sectors like cheese, biscuits, and malt extract have seen export growth, especially to Australia due to tariff removals.²⁵

The influence that SLAED and its members can have in regard to trade will vary across local authorities in terms of response, but Business Gateway has a role to play in supporting businesses to consider exporting or to direct them to specialist services provided by Scottish Development International/Chambers of Commerce/UK Government Department of Business and Trade. Business Gateway can also:

- help articulate what local authority economic development services are doing in regard to the delivery of the Scottish Government Six Point Export Plan e.g. how Scottish local authorities are engaging with international companies and sectors such as technology, life sciences, renewables and hydrogen;

19 [Inflation Adjusted HMRC Regional Trade Statistics for Scotland Q2 2025](#)

20 [Increase in Scots trade missions 'to add £75m exports' – Scottish ...](#)

21 [Boosting trade during global uncertainty | Scottish Government](#)

22 [Scottish economic insights: September 2025 - gov.scot](#)

23 [UK trade strategy: Scottish Government priorities - January 2025](#)

24 [Scottish economic insights: September 2025 - gov.scot](#)

25 [Scotland Import and Export Statistics 2025 — 30 Key Figures](#)

- highlight how businesses are supported (or what barriers they are experiencing) to access the benefits of trade deals made by the UK Government, where new markets are accessible to local areas, and whether new exporting deals and opportunities are making a difference to local businesses.

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