

**Council of Economic Advisers
Conference Call, 23rd April 2018
16:00 – 17:00 [UK Time]**

Participants

Crawford Beveridge – Chair
Sir Anton Muscatelli
Sir Harry Burns
Jim McColl
Gary Gillespie – Chief Economist, Scottish Government

Also attending:

Andy Park, OCEA, Scottish Government
Steven Ing, OCEA, Scottish Government
Annabel Arbuthnot, OCEA, Scottish Government

Apologies: Professors Sara Carter, Mariana Mazzucato, Sir James Mirrlees, and Joseph Stiglitz

Update on Developments

The Chief Economist updated Council members on recent engagements and progress within the Scottish Government:

- The Chief Economist updated members on Scottish Government developments. This included noting that the Enterprise and Skills Strategic Board has met four times and has appointed Stephen Boyle (previously RBS) as the Head of the Analytical Unit that will report to the Strategic Board.
- The Chief Economist noted that Steve Dunlop has been appointed as the new Chief Executive of Scottish Enterprise.
- The Chief Economist thanked Council Members who gave evidence at the Economy Jobs and Fair Work Committee in January and March.

A brief overview of the Scottish economy was provided by the Chief Economist, noting that annual GDP increased by 0.8% in 2017, and the labour market had remained strong. In addition, the UK Government Spring Statement responded to the OBR's latest economic and fiscal forecasts, with the outlook for UK's economic growth remaining below historic levels.

- Council members noted the significant negative growth in the construction sector in 2017, due to a number of major infrastructure projects winding up.
- Members also noted the modest improvement in productivity since 2015; and highlighted that in the micro environment, a positive workplace environment, plus increasing wages, can increase staff productivity. It was noted that treating staff fairly is highly important; this is encompassed in Scottish Government Fair Work policy.

Inclusive Growth

- The Chief Economist reflected upon a speech that he delivered at the OECD headquarters in Paris on Business and Inclusive Growth shortly after the previous CEA meeting.
- Council members were updated on the Centre for Regional Inclusive Growth, which will be launched by June 2018. Members were invited to comment on and shape the development of the Centre.
- Council members were also updated on developments around the Wellbeing Alliance. Engagement continues with officials in Costa Rica and Slovenia; and the Scottish Government will host a meeting in Edinburgh on 23 May regarding the progress of the group.
- Related to ambitions of this group, the Chief Economist noted the development of the new Scottish National Performance Framework – and the increased focus on wellbeing and sustainable inclusive growth.

Scottish National Investment Bank

- The Chief Economist produced an update on the development of the Scottish National Investment Bank, the Implementation Plan for which was launched in February 2018 and was supported by significant analysis by Professor Mariana Mazzucato.
- This plan notes the requirement to establish a new public body and the recommendation to integrate existing financing activities provided by the Scottish Government and its agencies into its remit and operating model – the Scottish Government is due to respond to the plan in the near future.
- Council members were positive about the Implementation Plan, noting that it includes all the detail required at the stage. There was a discussion of the role that non-government financing may play in the capitalisation of the bank. Members felt this may help establish the independence of the bank from central government should it be achievable.
- Members were supportive of the plans to integrate existing financing options to the bank, and noted that this had the potential to provide a clearer landscape for businesses financing in Scotland.

Chair's Report and AOB

- The Chief Economist led a discussion of whether the Council should produce an updated Chair's report covering the work of the Council across 2016-18 (following on from the previous Chair's report produced in 2016).
- Members found the previous report a useful reference point, and felt it was important to ensure transparency about how the Council operated. They were supportive of officials taking this forward.
- It was also noted that a new Chairs Report could recognise the significant contributions made by members of the Council that had departed earlier in the year.
- Prospective dates for the next Council call and meeting were discussed.

Actions

- Officials will be in dialogue with Sara Carter and Harry Burns regarding the Centre for Regional Inclusive Growth.
- Officials will be in contact with Harry Burns regarding progress of developing the Wellbeing Alliance.
- Officials will provide a response in early May regarding financing plans for the Scottish National Investment Bank.
- Officials will produce some draft material for the Chairs Report for Council comment on – and invite Council Members to make recommendations that will be included in the Chairs' Report.
- Officials will be in touch regarding the date for the next call in June, and the next formal meeting of the Council.
- Officials will be in touch with Council members regarding the addition of new members to the Council – likely to be finalised later in the year.

**Council of Economic Advisers Secretariat
OCEA
April 2018**