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## Aligning NSET with a Wellbeing Economy

*A briefing by the Transform our Economy group, consisting of Friends of the Earth Scotland, Scottish Environment LINK's Economics Group, the Wellbeing Economy Alliance Scotland and Prof Camilla Toulmin – July 2022*

The National Strategy for Economic Transformation, published by the Scottish Government on the 1<sup>st</sup> March, aims to deliver the vision to:

*“create a wellbeing economy: a society that is thriving across economic, social and environmental dimensions, and that delivers prosperity for all Scotland’s people and places. We aim to achieve this while respecting environmental limits, embodied by our climate and nature targets.”*

We are concerned that the priorities and actions of the strategy are not aligned with achieving that vision (see our previous analysis). There is a high risk that the strategy will therefore fail to achieve its goal to create wellbeing for all within environmental limits.

To make sure that the strategy can deliver on its vision, we recommend aligning all the actions with the twin goals to provide wellbeing for all within environmental limits. These goals should form the golden thread holding the strategy together. Activities which are environmentally damaging, which do not align with just transition plans to decarbonise and create a circular economy, or which will create greater inequality should not be supported. For these purposes, staff tasked with delivering any part of the NSET should receive training in assessing these questions and develop metrics to measure them.

This approach should run through all the listed projects. Below we give some examples of how that might be done. This should not be seen as a complete list, but rather as suggestions which illustrate this approach.

Aligning the existing actions with the goals to provide wellbeing for all within environmental limits is an important first step towards aligning NSET with its vision of a Wellbeing Economy. But it will not be sufficient, because it does not address all the gaps in the existing actions. It is therefore important that the implementation of the strategy includes additional engagement to allow all stakeholders to contribute their further ideas of how to bring NSET into line with its vision. This should especially include targeted and well-resourced engagement with those seldom-heard voices that are most in need of economic transformation.

## **Suggested actions to align NSET more closely with its vision for a Wellbeing Economy**

### **Projects 1-4: Entrepreneurial People and Culture**

- Where entrepreneurship education is supported, it should be defined as the development of innovative solutions, both technological and social, that can contribute to wellbeing for all within planetary boundaries. It should not be restricted to those solutions that can provide returns within the current market environment.
- Any support for start-up organisations should be focused on those organisations that can contribute the most to providing wellbeing for all within environmental limits, even if these are not the ones with the highest growth potential. This aligns well with the recommendation of the Business Purpose Commission to “make business purpose a golden thread in the National Strategy for Economic Transformation Delivery Plan”.
- Alternative business models, such as social enterprises, cooperatives and employee-owned companies are especially well placed to deliver this kind of entrepreneurship and should be supported in all programs.
- Good entrepreneurship that can help deliver wellbeing for all within environmental limits is not exclusively found in the private sector. Public and third sector organisations have a track record of delivering innovative solutions. The three sectors should be encouraged to learn from each other to develop models of entrepreneurship for a Wellbeing Economy.

### **Projects 5-7: New Market Opportunities**

- Exports should only be encouraged in sectors that can contribute to delivering wellbeing for all within environmental limits. Safeguards are needed to ensure that any increases in exports do not endanger the goal of net zero or a nature positive economy in Scotland or the rest of the world. There should be a clear goal for phasing out harmful exports of fossil fuels from Scotland.
- Any support for the development of local supply chains should make sure that they are developed in line with principles of the circular economy and net zero and nature positive targets. An important aspect of this is the elimination of harmful chemical substances that directly impact the wellbeing of consumers and those that make, distribute, repair, reuse and recycle products.
- The care and repair sectors should be added to the list of key sectors for delivering a Wellbeing Economy, recognising its contribution to wellbeing and its potential to create low-carbon employment.
- Measures to attract inward investment and the Global Capital Investment Plan should focus on those sectors that have the biggest potential to contribute to delivering wellbeing within environmental limits, not those that are most competitive by conventional standards. Safeguards need to be put in place to ensure that inward investment does not exacerbate social inequalities in income and wealth or endanger the goal of net zero in Scotland.

- As part of the Community Wealth Building efforts, the implementation plans should explore innovative measures to leverage existing capital in Scotland for achieving domestic aims, for example through the development of regional and community banks or through diverting larger shares of public pensions funds to support local efforts to build a Wellbeing Economy.

### **Projects 8-10: Productive Businesses and Regions**

- Efforts to boost productivity should go beyond the focus on labour productivity and include specific support for material and energy productivity, as these will be crucial for achieving a circular economy and net zero targets.
- The overarching goal of the Centre for Workplace Transformation, to be launched in 2022, should be to increase workforce wellbeing, not business performance and profitability.
- The review of how best to increase the number of social enterprises, employee-owned businesses and cooperatives in Scotland should be completed swiftly and followed by effective action and support.

### **Projects 11-13: Skilled Workforce**

- Skills investments should be focused specifically on those skills that are needed for a Just Transition to a zero carbon and nature positive Wellbeing Economy. Skills for the care and repair sectors are as important as those in the identified key sectors.

### **Projects 14-15: A Fairer and More Equal Society**

- Conditionality of grants and other government support should be extended to go beyond Fair Work conditions and also include environmental ones, for example a requirement for companies to disclose their Scope 3 emissions and to prepare Just Transition Plans in consultation with their workforces.
- The recommendations of the Business Purpose Commission should be implemented in full.
- In addition to support for individuals to find work, actions to support access to the labour market also consider how to create new, good jobs that can contribute to delivering a Wellbeing Economy, for example in care, repair, retrofitting or environmental restoration.

### **Projects 16-18: A Culture of Delivery**

- The streamlining of business support should be used as an opportunity to align it with the goals to deliver wellbeing for all within environmental limits. As recommended by the Business Purpose Commission, public sector support for business purpose should be mainstreamed and scaled up.
- The upcoming review of the National Performance Framework should be used to develop a plan of how the National Outcomes and the Wellbeing Economy Monitor can be better embedded in all public decision-making in Scotland.