

PROGRESS ON THE SCOTTISH ECONOMIC RECOVERY PROGRAMME

WEALTHIER & FAIRER

SMARTER

HEALTHIER

SAFER & STRONGER

GREENER

18 March 2009

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The Purpose of this Government has been clear from our first day in office: to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The economic challenges we face now make that task more difficult and, accordingly, we must intensify our efforts to help every individual and business weather the global economic storm in order to remain on course to achieve our long-term goal.

The Scottish Government has already taken actions that are benefiting the Scottish economy in these difficult times. Through our Scottish Budget and our *Government Economic Strategy*, we have set the correct direction for Scotland and focused the investment of over £30 billion of public funds each year to supporting increased sustainable economic growth. We have eased the pressure on tight household budgets through working with local government to freeze the council tax for several years running. We have slashed rates bills for thousands of small businesses, relieving them of a substantial tax burden. Moreover, through our unique partnership with local government, embodied in the historic Concordat we agreed in November 2007, local authorities now have greater flexibility to promote and sustain economic recovery at a local level.

Our response to the present downturn is integral to achieving the Purpose. As the current global economic downturn has affected businesses and households across Scotland, we have sought to make full and effective use of Scottish Government expenditure at this time. Our approach is consistent with the economic principles underpinning our longer-term economic vision. It requires Government to do everything within its power to lessen the immediate short-term impact on households and businesses whilst continuing the key investment and development necessary to drive economic recovery and achieve our economic vision.

To that end, we introduced a programme of economic recovery to boost Scotland's economy, focusing all our resources on: protecting households and businesses in the current economic difficulties; building on our existing economic successes; and making sure that Scotland is well positioned to take full advantage of the economic recovery when it comes. The six points of the economic recovery programme are designed to form an integrated framework of action, addressing different aspects of the downturn by using all the levers available to the Scottish Government.

- It is crucial that we maximise infrastructure spending in the current climate to maintain jobs and help construction and related industries, which have been particularly affected by the downturn – and that is why we are accelerating spending on our capital programmes.

- We must ensure that the private sector does not face any unnecessary burdens or costs at this time – and that is why we are ensuring that all government activity, not least relating to planning and regulation, is focused on economic recovery.
- Businesses will face a range of challenges in the downturn, including access to finance and the threat of redundancies – and that is why we are taking a range of actions to increase and refine our support and advice for firms.
- With recent exchange rates, there are real growth opportunities for businesses despite the downturn and scope to encourage more individuals to visit Scotland – and that is why we are working to take full advantage of Homecoming 2009.
- We must act to protect individuals facing the prospect of redundancy, debt difficulties and rising costs – and that is why we are extending support and advice to people as well as taking action to address fuel poverty.

Our programme was published as part of the *Scottish Government's Response to the First Annual Report of the Council of Economic Advisers* on 15 January 2009.

Examples of actions under each of the six points were set out in the publication, but the programme is a continuing framework, so new actions have been added since then. For the National Economic Forum on 18 March 2009, this document provides an update on existing actions and highlights the most important new actions under each of the points of the programme.

Re-shaping our capital spending plans

- The Budget for 2009-10 accelerates £293 million of capital spending into 2009-10, on top of £30 million in 2008-09. In total, this accelerated investment will support over 5,000 jobs in the Scottish economy over the next year. Of this:
 - Local authorities are investing £90 million to accelerate a range of capital spending programmes spread across Scotland. These include new and refurbished schools, social work facilities, new recreational facilities and a range of key infrastructure projects necessary to support the economy and community development.
 - Colleges and universities are benefiting from £13 million of extra infrastructure improvements.
 - We are investing £29 million to deliver road improvements and enhanced park-and-ride facilities to cut congestion.
 - Scottish Enterprise is accelerating £30 million of investment in key projects which will deliver wider benefits to the economies of Glasgow, Edinburgh and other areas including investment in the Edinburgh Bio-Quarter, the SECC in Glasgow and Fife Energy Park.
- We are accelerating the supply of affordable housing by bringing forward £120 million of our planned spending from 2010-11 for the Affordable Housing Investment Programme, in conjunction with local government, to help support the house-building industry. A record £644 million will be invested in affordable housing over the next 12 months.

- Through the Scottish Futures Trust, we are fast-tracking the Hub Initiative, which will deliver improved local community-based infrastructure in support of the delivery of local health services across Scotland, as well as supporting local authorities' school investment programmes. In the coming months we are providing £2.8 million to take forward the Hub Initiative in pathfinder areas of the country.
- We are providing over £35 million to the Home Owners Support Fund, helping home owners in financial difficulty through a revised Mortgage to Rent scheme and the new Mortgage to Shared Equity scheme, which was open to applications from 16 March. In association with COSLA, we have also been assessing bids for the £25 million to local government to kick-start a new generation of council house building. The successful bids will be announced shortly.

Ensuring all government activity, including planning and regulation, supports economic development

- We are opening up opportunities for more small and medium-sized Scottish businesses to win Government contracts through a new online contracts portal. Over 21,000 suppliers have already registered.
- We are intensifying our reforms to simplify the planning system.
 - Eight sets of secondary legislation completed their Parliamentary passage in February 2009.
 - A new consolidated Scottish Planning Policy will be issued for consultation soon.
 - A new notification direction empowering councils to determine planning applications and speed up the system will also be issued soon.
 - We are putting in place an £11.2 million e-Planning initiative this spring to allow for faster, more effective online submission of planning proposals.

The work is already generating tangible results: for example, by the end of February, we were processing 59% of all written submission planning appeals within 12 weeks – compared with 4% in April 2008.

- We are committed to paying the Scottish Government's business suppliers within 10 days and are urging the rest of the public sector in Scotland to do likewise. Already 93% of transactions are paid within 10 working days.
- We have launched a central online resource for businesses and households entitled *Help through the downturn* to direct individuals to the right source of advice and support quickly.¹

¹ www.scotland.gov.uk/helpthroughthedownturn.

- We have made sure that agricultural support to crofters and farmers was paid as soon as permissible by law and we are influencing EU regulations to meet the needs of fishing and farming.
- Through the Public Services Reform Bill, we are identifying across the Scottish public sector the scope for removing regulatory burdens on business and will act to take forward simplification once the legislation has been passed.
- We are ensuring key skills and learning bodies work together to focus their activities on creating the skills required for economic recovery. For example, the Scottish Funding Council agreed to additional support of £7 million for colleges to enable them to cope with an increased demand for learning by employees who have recently been made redundant.
- We are working with our public bodies – including the Scottish Funding Council and the Scottish Environment Protection Agency (SEPA) – to ensure their operations and funding approach supports economic recovery. For example, since November 2008 approximately 3,500 businesses have benefited from having their fees waived by SEPA, amounting to savings of over £600,000.

Intensifying our activity and support for Homecoming 2009, to boost tourism

- Over 300 events are taking place across Scotland this year from Burns Night to St. Andrew's Day.
- We have a target of an eightfold return on core investment generating an anticipated additional £40 million in tourism revenue. Our target of 100,000 additional international visitors is already expected to be exceeded.
- Demand for tickets at key events is very strong. For example, the Gathering has already sold 6,000 of the 8,000 'passports' to the Clan Parade and Clan Pageant to Scots around the world.
- VisitScotland brought forward £1.5 million within 2008-09 from its marketing budget to capitalise on Scotland's attractiveness as a holiday destination due to the weakness of pound sterling.
- 111,000 US households with Scots ancestry received an invitation to come home in 2009, through VisitScotland's biggest ever mailshot campaign in the US.
- Our Caledonia TV advert, featuring a range of famous Scots, has already been seen by more than 60% of the Scottish adult population and has been shown in key markets internationally.
- Through our sponsorship deal with the Scottish Football Association, the Scottish Homecoming Cup is promoting Homecoming 2009 to a huge global audience (4 million people across 40 countries watched the Scottish Cup in 2007).
- The final stage of the World Rally Championship is coming to Scotland as part of the Homecoming programme, bringing an estimated 30,000 visitors.

Intensifying our work around fuel poverty and energy efficiency

- We have increased spending on the Central Heating Programme by £10 million this year, and have announced that we will adopt the Scottish Fuel Poverty Forum's key recommendation by replacing the Central Heating and Warm Deal programmes with a new holistic Energy Assistance Package. The package (supported by Scottish Government funding of over £60 million in 2009-10) comes into force in April 2009 and will be a one-stop shop offering advice on energy tariffs, welfare benefits, tax credits and energy efficiency with access to grants to improve energy efficiency.
- We have invested £2 million in our small business loans scheme to help more small businesses with interest-free loans to cut fuel bills. Consequently, from December 2008, private landlords, agriculture and transport businesses have been able to get interest-free loans from £1,000 to £100,000 for energy efficiency measures or installation of small-scale renewables.
- In Autumn 2008, we launched our GoGreener campaign. The first phase of the campaign focused on energy efficiency actions designed to save households £340 every year. The second phase on food waste, launched in February, highlights the actions Scots can take to reduce food waste and make household budgets go further.
- We are taking forward national contracts for the bulk purchasing of electricity across the public sector which are expected to result in annual savings of up to £10 million.
- We are taking action to leverage increased spend in Scotland on domestic energy efficiency improvements through the Carbon Emissions Reduction Target initiative.
- We have announced proposals for an ambitious area-based home insulation scheme, supported by £15 million of new Government funding plus £15 million from other sources. The first stage of the scheme has the potential to offer energy advice and assistance to some 90,000 homes and support nearly 900 jobs in the process.
- In February 2009, we announced 10 Energy Pledges to create new jobs, tackle climate change and save households and businesses money. Estimates suggest up to 16,000 jobs in energy-related opportunities in Scotland could be created over the next decade. We are now progressing a range of actions across energy generation, energy efficiency and transport:
 - We will support and accelerate the implementation of renewable energy, through our Renewable Energy Action Plan, in a way which promotes large-scale, community-based, decentralised and sustainable generation.
 - We will aim to build a commercially viable, diverse renewable heat industry in Scotland to deliver benefits to the wider public, through the implementation of our Renewable Heat Action Plan.
 - We will work with the oil and gas sector to maintain its competitiveness, facilitate the transfer of skills and knowledge to other sectors and utilise Scottish-based skills in world markets.

- We will enhance our capability to undertake energy and environmental foresight and develop our preparedness to anticipate threats and take advantage of opportunities.
- We will support the development of sub-sea grids, alongside improvements in the onshore grids, and press the UK Government for fairer charging structures.
- We will support development and implementation of clean fossil technologies in Scotland, through collaboration with academia, industry and other interested parties.
- We will implement measures to improve Scotland's energy use through the Energy Efficiency Action Plan, which is a key part of the Scottish Government's Climate Change Bill.
- We will develop and deliver more sustainable transport to improve efficiency and reduce transport emissions in the longer term.
- We will promote the development, uptake and use of electric and other low carbon vehicles, in addition to using improvements in vehicle engineering which are already available.
- We will work to develop international partnerships through the Saltire Prize and the Scottish European Green Energy Centre to make Scotland a leader in the development and deployment of green energy.

Increasing advice and support to businesses and individuals

- We are bringing forward spending on our 2007-13 European Structural Funds programmes; to date, we have announced almost £225 million of support for 300 projects nationwide. This includes accelerated funding of £55 million for Community Planning Partnerships to support employability projects across Scotland. We are also pressing ahead with funding for key economic development projects in rural and coastal areas through the Scotland Rural Development Programme and the European Fisheries Fund.
- We are expanding the Small Business Bonus Scheme by increasing the level of relief available by 25% from April 2009.
- We are strengthening our Partnership Action for Continuing Employment (PACE) initiative to ensure the delivery of a high level of responsiveness to businesses and individuals facing redundancy.
 - Skills Development Scotland has placed 80 staff in Jobcentre Plus centres to create a seamless service between skills development and employability support to minimise the time people affected by redundancy are out of work.
 - From February 2009, a national helpline has been in operation to connect individuals and companies to local PACE groups.
 - The Scottish Funding Council has allocated an additional £7 million to Scotland's 43 publicly-funded colleges to allow them to respond quickly and flexibly to local redundancies and provide support to PACE.

- We have increased support to individuals undertaking learning by increasing funding available through Career Development Loans and extending the range of training providers and courses for which people can use Individual Learning Accounts funding. From September 2009, we are also piloting the extension of support for the first time to postgraduate students studying part time.
- Scottish Enterprise is investing an additional £3 million over three years in the Scottish Manufacturing Advisory Service to support a doubling of the number of company reviews carried out.
- In February 2009, we launched BusinessClub Scotland, a new initiative designed to ensure Scottish businesses get maximum benefit from major events being held in Scotland.
- A Finance Sector Jobs Taskforce is being established to tackle the current challenges in the sector, ensure key skills are retained through the downturn and help prepare the sector for a strong recovery.
- We are working with Scotland Food and Drink and other agencies to provide enhanced support to help businesses in the food and drink sector exploit export opportunities. In February 2009, a substantial package of support to help Scotland's food and drink industry increase its international profile was set out. This will provide support for international trade missions and trade advisers and a new supplier development programme.
- We have extended the eligibility for small businesses to apply for Regional Selective Assistance grants across the whole of Scotland.
- We are taking forward 16+ Learning Choices in order to maintain young people in learning after the age of 16 and help secure their longer-term employability.
- Following the publication of *New Horizons* we are working with the university sector to ensure that their activities support sustainable economic growth.
- Scottish Enterprise and Highlands and Islands Enterprise have undertaken comprehensive business reviews with more than 2,000 of Scotland's major employers and growth companies, resulting in individually-tailored action plans. Through the *Now's the time to ask* campaign by Scottish Enterprise², over 2,800 direct enquiries have been made and over 2,100 places booked on specialist events.
- Scottish Development International is enabling companies to participate in the Scottish pavilions at major trade shows at minimal up-front cost, allowing more Scottish businesses to access new markets overseas. Companies can now participate on the Scottish pavilions at major trade shows and pay for the vast majority of the costs of participation up to six months later.

2 www.nowsthetimetask.co.uk/.

Improving financial advice and support to individuals

- We are expanding the open market shared equity scheme for first-time buyers nationwide with the aim of taking new applications from the end of March 2009. With an increased budget of £60 million for 2009-10 we are looking to assist around 1,500 first-time buyers into home ownership.
- We have made available a further £70 million to allow local authorities to freeze the council tax again in 2009-10 and all councils have now agreed to the freeze. This will mean Scottish families sharing in a £420 million tax saving over three years.
- We are extending free school meals to include children from families in receipt of both maximum Child Tax Credit and maximum Working Tax Credit from August 2009, benefiting around 44,000 pupils.
- We are providing an extra £3 million for legal advice and representation for people facing repossession and other debt problems. We have provided Citizens Advice Scotland with an additional £1.1 million over the next two years to increase the availability of face-to-face advice to vulnerable individuals through their network of Citizens Advice Bureaux.
- We are investing £7.5 million over the next two years in a range of measures to support *Achieving Our Potential*, our anti-poverty framework, including help for individuals to maximise their income.
- We undertook a successful campaign to promote the National Debtline service to help individuals at risk of financial difficulties and debt problems and raise awareness of advice services and financial support. We are reviewing the campaign and considering the need for further action.



**The Scottish
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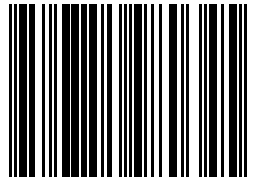
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