

# Growing Scotland's Economy





# Growing Scotland

**Jobs and the economy: that's what Scottish people and businesses care about right now – and what Scottish Labour is putting at the heart of our election campaign. To get people back to work we need to help and support businesses to grow our economy. Scottish Labour has always believed in the right to work in decent jobs. And we know that our country and our businesses need to be competitive in order to deliver those decent, skilled jobs that people need. To make this vision a reality, our country must be focused on growth.**

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The next Scottish Government should enable Scottish businesses to do what they do best – create jobs and prosperity. I want businesses large and small to know that Scottish Labour understands their needs and that we are committed to working in partnership with business to deliver economic growth for Scotland.

Growing the economy will be Scottish Labour's single greatest priority. We will be a government focused on what really matters.

As recently as two years ago, long-term youth unemployment had been all but abolished. Under the current governments at Westminster and Holyrood the number of young people out of work has soared dramatically. This is a personal tragedy for thousands of youngsters. A jobless generation now will undermine our economic security and business growth for many years to come.

So Scottish Labour will take wide-ranging action to get our young people back into work. From college training places to apprenticeships, from university degrees to a focus on graduate jobs, from those furthest from the workplace to the highest achievers of tomorrow; real action for real jobs.

Securing the right conditions for growth means we have to put in place the building blocks for a better economy. If I am First Minister, we will invest in the people and the skills that employers need, driving up standards in schools with a new focus on literacy and numeracy. We will work with

all sectors of the economy to offer apprenticeships to suitably-qualified youngsters. We will secure the international competitiveness of our universities with cutting edge teaching and research.

We will invest in our infrastructure, creating jobs directly, but also better connecting businesses to markets in Scotland, the rest of the United Kingdom and abroad. We will reduce barriers to business growth, so entrepreneurs are encouraged to make wealth for the country.

We will invest in the green and growth industries of the future, delivering jobs that are rooted in Scotland for the long-term and meeting our environmental responsibilities.

And as First Minister, I will chair an Economic Cabinet at the heart of government. I'll bring together business, trade unions, the third sector and all of government to provide a relentless focus on economic growth. I have set an ambitious target of doubling our exports over the next decade, so we can aim for that horizon and the new economy beyond. We will have a new industrial policy for Scotland that will show the way.

I passionately believe that we have everything we need to build that better future. Scottish Labour has the will and determination to make this happen. I hope you will join us to grow that better economy for the benefit of all.

**Iain Gray**  
**Scottish Labour Leader**

## Scottish Labour's plan is based on four key principles:

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- 1. We want Scotland to be competitive and to attract business.** That is why we will continue the Small Business Bonus Scheme, maintain parity with the English poundage rate and create an environment in which Scottish business can prosper. It also means we will put jobs and growth first; we will use all the avenues available to us to invest in infrastructure and we will look at all technologies when it comes to securing our energy supply.
- 2. A strong partnership between business, industry and government to ensure that in the modern, global economy Scotland will be internationally competitive.** That is why we will work with business in every part and region of the country and put business at the heart of government with a new Economic Cabinet. This also means changing the values and culture of the public sector when it comes to economic development and improving the relationships between business and the public sector.
- 3. A dynamic economy needs an adaptable, skilled labour market.** We need a more employer focussed approach to skills and higher education to ensure that our young people are jobs ready. Our growth plan will help businesses create more apprentices than ever before and create employment with a Scottish Future Jobs Fund. We will foster workplace relations so that Scotland can meet the challenges of the global marketplace and support employer and trade union partnerships at a strategic level and at workplace level.
- 4. We will build a broad based economy.** We will set an ambitious target to double the value of exports and we will set up Energy Scotland to drive us forward in becoming world leaders in the renewable energy sector and to exploit the opportunities available for green jobs.

## Securing the recovery - real help for businesses in 2011

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**To help to secure the recovery and create jobs, we will continue our targeted support for business and the economy. Our key pledges are:**

- 1.** We will put business and industry at the heart of the Scottish Government and set up an Economic Cabinet which will have oversight of our work. One of the first tasks of the Economic Cabinet will be to assist in the development of an industrial strategy that has at its heart a coherent and consistent set of policies designed to improve economic performance and unlock competitive potential.
- 2.** We will work to ensure that Scotland is competitive and will do so through the taxation system, by investing in our transport and communication infrastructure and in skills, so our young people are job-ready and meet the needs of business.
- 3.** We will grow business by setting the stretching target of doubling our exports by value over the next ten years and we will assist single person enterprises to take on their first employee.
- 4.** We will act in the strategic and long term interests of Scotland. At least five per cent of Scottish Government procurement budgets will be dedicated to innovation; we will introduce an Air Route Marketing Fund in order to develop links with emerging markets; and we will establish Scotland as a world leader in the renewable energy sector.



## Putting business at the heart of government

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**Scottish Labour believes that the best way to create growth in the economy is to work in partnership with business. We will grow Scotland's economy and to do this, our policies will be focussed on improving economic performance to tackle the short-term challenges whilst delivering long-term sustainability.**

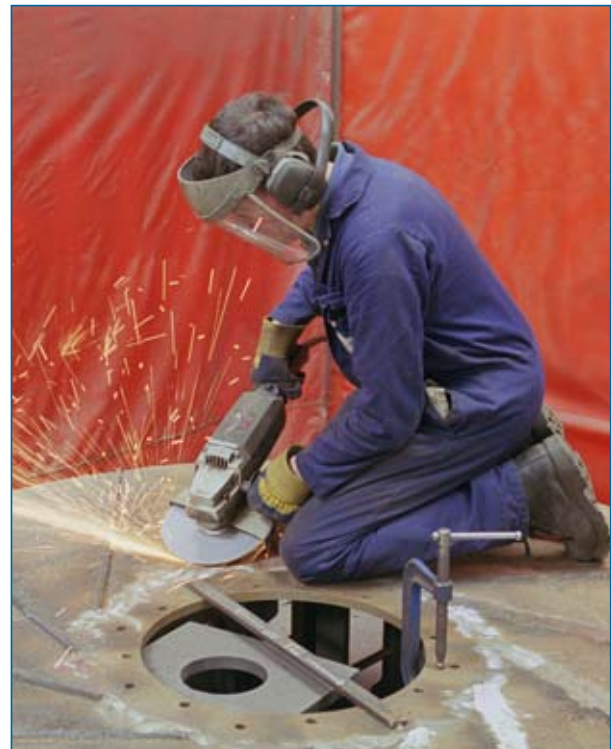
- We will create an Economic Cabinet with business and trade union representation at the heart of government. It will take an overview of the Scottish Government's work, ensuring that we deliver on growth and jobs.
- We will scrap the Council of Economic Advisers, which despite the quality of its membership, has had little impact upon policy making.
- We know that the National Economic Forum has grown too big to be effective. We will review the National Economic Forum and consider how it can become a useful vehicle, in order to maintain engagement with the wider business community.
- We will task every cabinet minister in Scotland to ensure that economic growth and jobs are at the centre of their ambitions.
- We will pilot the use of an economic memorandum as well as the current financial memorandum that is published along with legislation, which would set out the impact of the legislation on Scotland's economic growth.
- Scottish Labour will guarantee that all legislation and regulation that comes out of the Cabinet Secretary for Finance and Sustainable Growth's department will be subjected to a Business and Regulatory Impact Assessment, which will allow the Scottish Government and Parliament to understand the impact measures will have on businesses.
- Business legislation and regulation will have sunset clauses so that the need for any area of regulation is regularly reviewed.



## Investing in people and skills

**Skilled, capable people are the foundation of a growing economy and successful businesses. The industries and jobs of the future require the right skills. Scotland currently has shortages in science, technology, engineering, maths and tourism. We will take action to fill those gaps. We will work to ensure that our young people get the right jobs.**

- Employers will contribute to our skills strategy so that we will have a workforce with skills that match the jobs that are available now and those essential for future growth. We want our young people to leave education job-ready.
- We will reform the careers advisory service so that it accurately presents the employment opportunities that are available to young people. Careers advisers need to be alerted to Scotland's future needs so that our pupils and students are made aware of the skills and qualifications – whether vocational or academic – that will be most in demand when they plan to enter the job market.
- We will reform Skills Development Scotland and make it a 'one stop shop' that employers and individuals can go to on issues relating to education, skills and training.
- We will set up a Scottish Future Jobs Fund that will create real jobs and provide training for 10,000 young people, and others who have been unemployed for 6 months or more, and provide upfront and flexible funding for businesses to create those jobs.
- We will guarantee a modern apprenticeship place for all suitably qualified 16-18 year olds who want one from 2013 onwards.
- We will create a new generation of entrepreneurs by ensuring that children in our schools receive training in business and entrepreneurship; we will work in partnership with the Prince's Scottish Youth Business Trust and build closer links between schools and the business community.
- We want to ensure that every graduate receives entrepreneurship and business education as part of their course and we will also introduce a new "Flying Start" programme to support the ambition of those graduates who want to set up a business.
- We will put literacy teachers in classrooms to provide one-to-one teaching and specialist programmes to improve pupils' numeracy and literacy skills, which will address business needs.



## Scottish Labour's Green New Deal

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**Scottish Labour will work to ensure that we exploit the opportunities for new green jobs and promote Scotland as a world leader in the low carbon sector. We will ensure that the closure of large-scale coal and nuclear generation will be replaced with a viable energy mix, including new low carbon generation, providing stable baseload capacity. We will also task Energy Scotland to produce a power plant replacement strategy.**

- We will set up Energy Scotland to drive us forward as a world leader in the low carbon sector. We will integrate existing energy initiatives where possible into Energy Scotland to provide streamlined strategic leadership and funding. This will be a body that will focus on delivery. It will pull together different streams, such as research and development, to improve energy technology and skills in the workforce. It will look at the case for of having service centres for offshore renewables and secure the best use of harbour and port facilities.
- Energy Scotland will work to attract £1 billion of investment from the new Green Investment Bank, a bank which should be based in Scotland.
- We are committed to a Green New Deal, which will create new jobs and opportunities for local businesses with an ambitious environmental scheme to provide low carbon electricity, such as solar panels, for up to 10,000 homes.
- To maximise the use of energy generated in Scotland, we will work to improve grid connections between Scotland and the rest of the UK and the UK and Europe.
- Strategic importance should be attached to early marine projects so that planning consents are processed quickly and the first projects can be deployed, allowing lessons to be learned.
- We will remove the presumption against new nuclear for the future. Any application will be considered on its merits in terms of safety, environmental impact and the local community.
- We will encourage the construction of a wholly new infrastructure for electric vehicles, with an ambitious target for 10,000 charging points in major towns and cities by 2015. We will improve the Green Bus Fund to help transport providers purchase hybrid buses.
- The low carbon sector has a lot to learn from the oil and gas industry, particularly on health and safety, skills, training standards and logistical support.
- We will look at ways of exploiting the economic opportunities of decommissioning the oil and gas infrastructure in an environmentally sustainable way; and we will work to retain the oil and gas supply chain in Scotland.

## Transforming Scotland's infrastructure

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**Improving the quality and resilience of Scotland's infrastructure is absolutely vital for the success of the economy if we are to compete. When we were in power we initiated the work on the M74 connection, the M77 and proposed the Glasgow and Edinburgh Airport Rail Links, which the SNP cancelled. In the past four years, new development has stalled and the pipeline has been emptied. We will get Scotland building again.**

- We will work with the financial services sector to deliver a scheme which will assist first time buyers by reducing the size of mortgages, the size of deposits required and the risk to lenders. This will help those who want to buy their first home and provide a much needed stimulus to the construction industry.
- We will future-proof Scotland's rail network to facilitate High Speed Rail and we will work with the UK Government to ensure that Scotland benefits from the economic advantages of high-speed rail. Our ambition is to see direct services from Scotland to Paris and Brussels.
- We will introduce an Air Route Marketing Fund to help increase the number of destinations from Scottish airports, particularly to the emerging markets.
- We will replace the Forth Road Crossing.
- We will take forward the Edinburgh/Glasgow Rail Improvement Project, including Crossrail and more commuting opportunities from Ayrshire and Renfrewshire; and from rural Lanarkshire to Edinburgh and Glasgow.
- We will make the Road Equivalent Tariff permanent in the Western Isles.
- We will provide a direct rail link to Glasgow Airport and we will contribute to the modernisation of Glasgow's subway.
- We will support the Freight Facilities Grant to encourage the transfer of freight from road to rail.
- We will make certain that our communities are served by better bus services by improving regulation.
- We will appoint a digital champion and bring forward a strategy to improve the quality and coverage of broadband. We will pressurise the UK Government to deliver its commitment to roll out broadband access to all British homes at speeds of at least two megabits per second by 2015 and to work towards the delivery of even higher speeds.
- We will work to deliver free Wi-Fi and 3G mobile phone coverage on commercial rail routes as part of ScotRail's next contract.
- We will keep Scottish Water in public ownership, enhancing its powers so that it can fulfil its potential to generate renewable energy and use its assets more effectively.
- The Scottish Futures Trust has not delivered the agenda set for it by the SNP Government and for this reason, we will bring the SFT to an end, whilst retaining some of its functions. Infrastructure investment and construction will provide a spur to economic growth and we will use all available financing mechanisms to get Scotland building.

## A fair deal for small business

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**We want to create the conditions to allow our small businesses to grow, prosper and employ others. There are around 200,000 single-handed enterprises in Scotland. If just one-in-five of these moved to take on a single member of staff, it would create an additional 40,000 jobs in the Scottish economy. Small businesses are the engines of innovation and we will support them in becoming the big businesses of the future.**

- We will introduce a new ‘Plus One’ scheme through Business Gateway, which will assist small businesses in taking on a member of staff. This will include support with payroll, personnel and legal issues, removing a major barrier to many businesses hiring their first employee.
- We will continue the Small Business Bonus Scheme, with a focus on incentivising and rewarding small businesses that invest in training and skills, employment, capital investment and innovation.
- We will make sure Government pays its bills promptly with a new 80 per cent in 5 days scheme, rather than the current 10 days. We will put pressure on major companies to shorten payment times to contractors.
- We will ensure that government procurement contracts do not exclude smaller suppliers, we will extend community benefit clauses and do what is necessary to help local companies compete on equal terms.
- We will encourage small businesses to participate in the Scottish Future Jobs Fund and the Green New Deal, which will offer opportunities to increase capacity and create new skilled jobs.
- The availability of affordable finance is a challenge for all businesses and, in particular, small businesses. We will look to the Scottish Investment Bank and co-investment models to fill the gap and meet demand. We will ensure that these facilities are made known to businesses by asking Business Gateway and the enterprise agencies to promote them.
- We will pilot a Business Finance Monitoring Scheme which will monitor the business finance market and flag up any problems to Ministers.
- We will make it easier for small businesses to participate in the Modern Apprenticeship programme by simplifying the system and exploring how small businesses can form partnerships to share an apprentice in order to share the costs.
- We recognise that installing energy efficient equipment can come with expensive upfront costs, although savings will be made in the long term, which is why we will ask the Energy Saving Trust to continue a loan scheme to allow businesses to purchase equipment.

## Supporting innovation

**Scottish Labour will take action to ensure Scotland's standing on the world stage. In order to compete, grow and create jobs we need to encourage innovation, research and development, and expand our companies.**

- We will ask every Scottish Government department to produce an “Innovation Companies Procurement Plan”, which will reward innovation by ensuring that new businesses are able to take advantage of public contracts. We will set a new target, so that 5 per cent of each department's procurement budget is spent on taking up innovation.
- We will ensure that the Scottish Government and its agencies provide more focused support to companies involved in research and development, making it easier for businesses to access funding to support innovation.
- Scotland's universities produce world class research. We will examine ways of improving and extending partnerships between our universities and business so that the commercial arms of universities can develop revenue streams.
- We will look at how we can create more successful clusters to encourage the growth of industries such as life sciences, renewables and video games. We need to achieve critical mass to ensure continued growth and success in these areas.
- We will double the value of exports over the next decade. We will have a particular focus on high-value manufacturing, including sectors such as defence, aerospace and security.
- We need to expand our share of exports to the high growth BRIC (Brazil, Russia, India and China) nations. Scottish Development International (SDI) will work with the enterprise agencies to promote export opportunities to Scottish companies, large and small, and we will engage directly with business organisations to promote internationalisation, building on the work of Smart Exporter.
- SDI will work with the Scottish Council for Development and Industry and Scottish Chambers International to create a network of Scottish Trade Centres in emerging markets, using the expertise of Scottish exporters already there to support new entrants to exporting from Scotland.
- We will ask SDI, in consultation with business, to produce new ways of promoting Scotland to attract foreign investment.
- We will ensure that the Scottish Investment Bank targets assistance at exporting companies of any size.



## A co-operative Scotland

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**The co-operative sector is worth an estimated £3 billion to the Scottish economy and employs thousands of people across a range of sectors. They include world famous Scottish success stories like Loch Fyne Oysters. Labour created Co-operative Development Scotland to provide expertise, advice and information to co-operative business. We believe that its role should be developed and expanded.**

- We will support the development of the Co-operative sector and enhance the role of Co-operative Development Scotland within the mainstream of the Scottish economy.
- We will commit to a review of Co-operative Development Scotland, which will consider whether it should be an agency in its own right, separate from the enterprise agencies, and re-examine how it engages with the entire co-operative sector.
- We will consult on proposals to boost the role of community interest companies, support co-operatives and increase democracy in the workplace.
- Employee ownership could offer an imaginative and attractive alternative to workers who face their workplaces being sold or closed down. As such, we will consider how the Scottish Investment Bank might support the work of Co-operative Development Scotland, including start-up businesses.
- The United Nations has decreed 2012 the International Year of the Co-operative. We are committed to ensuring that Scotland plays its full part by increasing the number of co-operative start-ups.



## Maximising the potential of all Scotland

**If Scotland is to grow strongly in the years ahead we need all regions to share in an expanding economy. We will make economic development a statutory duty for local authorities and provide them with new incentives and tools to drive growth. We need Scotland's cities to exercise a more strategic role in economic development.**

- We will provide Scotland's cities with new powers and responsibilities to drive growth and regeneration. This will include a new City Growth Fund as a dedicated source of funding.
- Economic development will be a statutory duty for local authorities. We will encourage the use of innovative finance models such as Tax Increment Financing and JESSICA.
- We will incentivise local government to invest in economic development by allowing them to keep a proportion of the business rates raised through increased economic activity.
- We will give the tourist industry a stronger voice by making Visit Scotland the lead organisation on developing tourism.
- Many visitors in Scotland come for big events, like Glasgow 2014, but they do not get the opportunity to see more of Scotland while they are here. VisitScotland and EventScotland will be tasked to deliver a "See More of Scotland" campaign for event visitors.
- We know that businesses want the recent reforms to Scottish Enterprise to bed in and thus we will not seek to fundamentally change it. But we will at look at re-aligning the priorities of Scottish Enterprise to encompass a broader range of companies as a means of addressing the gap that currently exists for those that are beyond the Business Gateway stage, but have not reached the growth rates needed to qualify for assistance from Scottish Enterprise.
- We will retain Highlands and Islands Enterprise as a separate entity and ask it to develop aims that best meet the needs of business and communities in the areas it serves.
- We will look to build on the success of the Scottish Manufacturing Advisory Service.
- We will work with local government to ensure that the service provided by Business Gateway is of a consistently high quality throughout Scotland.
- Labour has been calling for the UK Government to scrap their damaging VAT rise on fuel. We will continue to do so.



## Competitive Scotland

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**In order to safeguard jobs and to ensure Scotland is an attractive place to do business, Scottish Labour will ensure that our taxation system is competitive with the rest of the UK, that we have a planning system that facilitates economic growth and procurement practices that create opportunities for more of our businesses.**

- We will maintain parity with the English poundage rate.
- In the next Parliament we will not use the Parliament's income tax powers to increase the rate of income tax above that of England, as we want to safeguard jobs in the future.
- We will seek to improve the current system of non-domestic rates and we will review the reliefs that are available. We will also review the frequency of revaluations but promise that every revaluation will be accompanied by a transitional relief scheme.
- For business to flourish our public sector organisations must understand the importance of economic growth and develop a culture that supports it, particularly when it comes to planning.
- We will consult with local government and with business on how to make Section 75 agreements more adaptable to take account of economic circumstances.
- We will update the National Planning Framework 2 but will do so with wide input from industry. We will also work closely with local government so that councillors and officials understand the importance of the Framework and deal with planning applications in a way that will best achieve economic growth.
- The procurement landscape is cluttered. We will reduce the number of procurement portals, making it easier and less time consuming for businesses to access.
- We will create a pipeline of more visible bidding and tendering opportunities which will be advertised through the Public Contracts Scotland public procurement portal.
- We will strengthen the role and remit of the Scottish Government's Single Point of Enquiry which investigates unfair treatment in public procurement processes.
- We will continue with the work to deliver a Standardised Pre-Qualification Questionnaire for all contracts tendered through Public Contracts Scotland.
- We will monitor and publish an evaluation of Quick Quote.
- The awarding of contracts should also be more transparent and we will ensure value for money, which does not always necessarily mean the lowest bid.

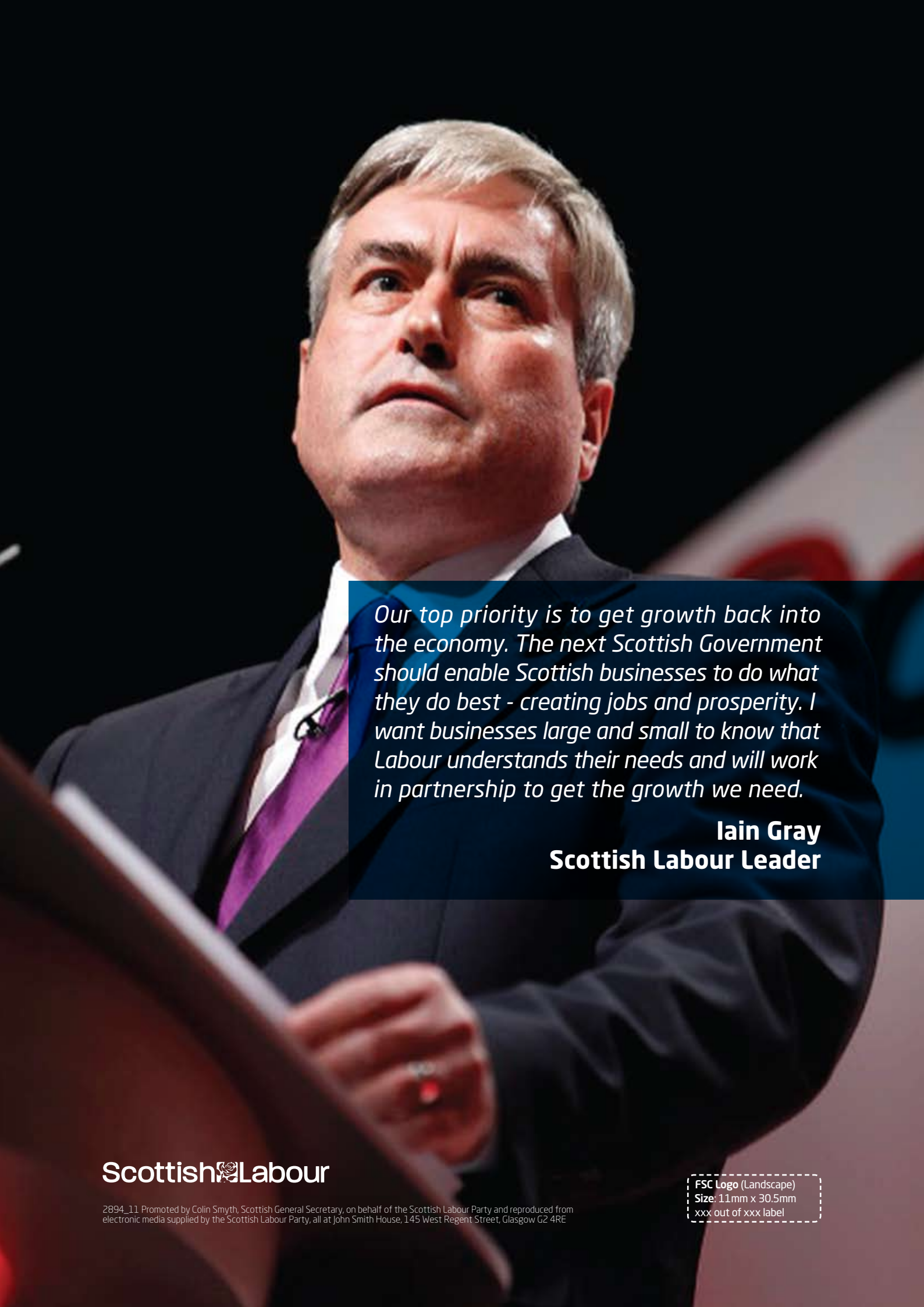
## Creating jobs in communities

**We believe that social enterprises do and will continue to play a vital role in the Scottish economy. These models of enterprise play a vital role in stewardship; they care for people and communities by creating jobs and sustainable growth and reinvesting their profits for social and environmental purposes.**

Social enterprises allow individuals to gain ownership and stake-holding, not just in the workplace, but also in the management of their company. Successful models tell us that the employees also bring greater involvement through innovation and participation.

- We will look to boost the role of community interest companies.
- We will also investigate the option of creating a loan guarantee scheme for social enterprises as a means of making the best use of government funding.
- There is scope for developing co-financing and we will investigate what support there is for this from within the private sector.
- Community benefit clauses will also be used to ensure the procurement process provides SMEs and social enterprises with new opportunities in the supply chain and to promote skills and training.
- We will explore the idea of local communities generating income from recycling locally produced waste. Not only will this reduce landfill but profits will be reinvested in communities.
- We will also work with social enterprises in order to restore momentum in the land reform agenda, which has stalled over the last four years.





*Our top priority is to get growth back into the economy. The next Scottish Government should enable Scottish businesses to do what they do best - creating jobs and prosperity. I want businesses large and small to know that Labour understands their needs and will work in partnership to get the growth we need.*

**Iain Gray**  
**Scottish Labour Leader**

Scottish  Labour

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