



5 June 2020

Benny Higgins  
Advisory Group for Economic Recovery Chair

Dear Benny,

I would firstly like to thank you for the opportunity to respond to the Advisory Group for Economic Recovery's call for views. Whilst first and foremost the COVID-19 crisis is a health crisis, the economic implications cannot be understated, and we all face a challenge of unprecedented magnitude which may look different to any previous economic downturn. Local Government has been at the forefront of the response to the crisis and will also need to be at the forefront of the recovery. This letter focuses on the following broad areas which we believe need to be focused on as we recover from the crisis:

- We must take short term economic decisions in the full knowledge that our long term goal must continue to be a net zero carbon, inclusive economy
- We must target sectors of the economy which are crucial to achieving this long term goal which will most likely mean a renewed focus on energy and transport
- Connectivity, including transport and digital connectivity, will be a vital component of the recovery. We must reconsider whether the level of investment in digital infrastructure is now sufficient to build a more resilient economy
- The impact of Covid-19 will not be felt equally across society and the economy. Our recovery response must therefore be place based, which Local Government is in a unique position to support.
- Local Government has a significant economic footprint. The evidence is there that investing in Local Government delivers a good return for local economies<sup>1</sup>. If we accept the need to be place based in our response, then Local Government will need the financial support to be able to deliver.

Prior to the outset of this crisis, COSLA's key economic priority was delivering a just transition to a net zero carbon, inclusive economy. This position remains our long term objective. We still require fundamental changes to our economy, but the context within which those changes must take place is different. Economic inclusivity and environmental sustainability must be at the heart of all economic policy decisions if we are to realise our ambitions for a net zero

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<sup>1</sup> [Scottish Local Authorities Economic Development Indicators Framework Report 2018-19](#)

WHEN CALLING PLEASE ASK FOR: ROBERT NICOL 0131 474 9241 (robertn@cosla.gov.uk)

inclusive economy. COSLA, therefore, sees much to support in the work of the Infrastructure Commission, the Just Transition Commission and Climate Change Commission. We believe there is an economic opportunity for Scotland if we invest wisely in jobs, industries and infrastructure which also support the low carbon economy. This is likely to mean a renewed focus on sectors of the economy which are the biggest emitters, namely transport, the energy sector (including how we heat homes and buildings) and agriculture. Moreover, cross cutting work to fully embrace a circular economy will also need to be a priority in the medium term.

This long term objective will still require immediate action if it is to be realised. In the context of how we exit the immediate crisis one of the most challenging areas that will need addressing is transport. We are of the view that transport is likely to be the glue which unites different aspects of the recovery response. It seems improbable that we will make a success of the recovery if we get connectivity – which also must encompass digital connectivity, which I will return to later in this letter - wrong. This presents challenges from both an environmental and an equality perspective. Environmentally, the transport sector is the biggest carbon emitter of greenhouse gases in Scotland, which means reducing emissions from transport is one of the biggest challenges to achieving the net-zero target. As we progress through the exit phases of lockdown, journey frequency and distance will increase. If the car becomes the default option for those journeys and the public lose faith in the safety of public transport, then any short term reduction in emissions will be quickly offset and extensive work to reduce journeys made by car undone. Furthermore, from an equality perspective, public transport and especially the bus sector will have a vital role to play to ensure that individuals, groups and communities that have been hit hardest by the crisis are able to continue to access employment and services. Prior to the crisis a range of interventions were being considered to reverse the long decline in bus patronage. We will now need to look afresh at whether these interventions are fit for the purpose of getting people moving at a time of potentially unprecedented economic upheaval. We would also wish to draw the Advisory Group's attention to the economic importance of other vital transport services especially the importance of ferry routes to the islands.

I touched on digital connectivity in the last paragraph. I think if there is one lesson that we take from the crisis it is how crucially important digital connectivity is to the resilience of individuals, businesses and the Scottish economy. COSLA supports the objectives of the Scottish Government's Reaching 100% programme (R100) and we know the level of planning and investment that is required to roll out future-proofed fibre to the premise and other technologies across all of Scotland. However, we now need to seize this opportunity to reflect on whether we are doing all we can to roll out suitable technology as far and as fast as possible. This will require constructive engagement between Local, Scottish and UK Government. If we are to look for areas to invest our resources smartly and with an eye to the future, further investment in this area seems likely to offer a good prospect of delivering a considerable return. In tandem to this we must also focus on digital participation and aim to close the digital divide once and for all.

The emerging picture is of contrasting challenges facing different communities across Scotland. There is not going to be a one size fits all solution which will solve the challenges facing rural and island communities reliant on tourism, the North East as it grapples with challenges facing the oil and gas industry or the disadvantaged post-industrial communities in the central belt. Different solutions will be required in different parts of the country and that is why the recovery must be place based if it is to succeed in delivering long term, positive outcomes rather than a return to the status quo which has failed communities across the country and led to deep rooted spatial inequalities, perpetuating generations of disadvantage and deprivation. A place based recovery is not just a recovery from COVID-19 but can begin to unlock the economic potential of these communities and deliver the ambition of the net-zero, inclusive economy.

A place based response to the recovery will only happen if Local Government has the appropriate powers, flexibility and investment in order to make it happen. Local authorities are already abundantly aware of the local challenges their communities face, but they must also be sufficiently empowered to deliver local solutions. At a time when we are asking the public to put great faith in the state, now is also a time to look again at democratic renewal and the role of participatory and representative democracy in shaping the economic and societal response to crisis.

Clearly the economic challenge created by COVID-19 will require short and medium term interventions if we are to achieve the long term ambition of a net zero, inclusive economy, and the decisions taken now will have long term implications as we begin to restart and rebuild our economy. The support delivered through business support grants, the job retention scheme and a number of other financial interventions have provided a base from which to recover and we support the submissions made to the Advisory Group by our colleagues at SOLACE and SLAED and the practical solutions they offer. Job creation through accelerated economic infrastructure investment programmes and targeted labour market policies to protect groups most vulnerable to unemployment can continue to build on the support already offered, but we must be mindful of maintaining our focus on our long term goal. Community wealth building may also offer a useful model for rebuilding local economies.

I hope this letter gives you a sense of our thinking on what we acknowledge is a complex and multifaceted issue. If there is anything further that we can do to assist the work of the Advisory Group, please get in touch.

Yours sincerely



Cllr Steven Heddle  
COSLA Environment and Economy Spokesperson