

Economic Recovery Implementation Plan

The Scottish Government's response to
the Advisory Group on Economic Recovery

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Scottish Government
Riaghaltas na h-Alba
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Foreword



The COVID-19 pandemic has created a challenge on a scale that our economy and people have not seen in our lifetimes.

Yet, acting as one, we have pushed this virus back. It has required sacrifices from everyone to save lives. Many businesses have had to close, or witness demand for their products or services collapse overnight. Money coming in one day, and gone the next.

We are, however, now seeing the result of that hard work and sacrifice, of a concerted public health effort. The number of cases and deaths from the virus are at very low levels compared to the spike earlier in the year. As a result, we

can begin to open more and more businesses, all learning to operate in new and uncharted ways.

This allows us to think about how we drive our economic recovery and the Advisory Group on Economic Recovery report published just a few weeks ago was a vital contribution to that. This response welcomes that report and its recommendations, and I want to sincerely thank the members of the Advisory Group for their swift and detailed work on this.

I want to highlight one of its key findings. That, if we are to be successful in as speedy a recovery as possible, there is no single action, person or organisation that will achieve it alone.

This needs to be a jobs-focused recovery. I have engaged extensively with businesses over the past few months, and have discussed ideas and views on economic recovery with many organisations and individuals. This approach underlines our willingness to listen and collaborate with businesses, social enterprise, trade unions and other organisations to protect and create jobs in our economy. We know that their innovation and determination will be the engine room of our economic recovery. I'm asking businesses to work with us to support our people, to create good quality jobs, and rise to this challenge. And I expect them to challenge us too.

This response has also been informed by discussion of the Report with the Social Renewal Advisory Board, which has been set up to advise government on social renewal post-COVID. There are many areas of interest that have a strong cross-cutting focus on the economy. We will continue to work with them, to ensure our ambitions are aligned to create maximum impact on the type of socially just and equality-focused economic recovery that we want.

We also face the full impact of BREXIT at the end of this year, which could tempt some towards a race to the bottom. However, the Advisory Group's Report is clear in its support for the principles of fair work, the importance of decarbonising our economy and the imperative of reducing inequality. That approach described in the Report builds on our ambition of a fair, inclusive and wellbeing economy that Scotland is setting its path towards.

Some would argue that there is an inherent contradiction in being pro-business and supporting fair work and reducing inequality. I strongly reject that. As the Advisory Group report makes clear, the underlying resilience of our economy relies on fair work and quality jobs for all, to create a society that is more equal.

However, it goes beyond that. Tackling inequalities, including gender economic inequality, and providing fair work unlocks people's creativity, confidence and wellbeing. The business case is strong for an inclusive economy. It helps our businesses to innovate and grow, it helps them to compete more effectively on the world stage. It helps develop, attract, and make, the most of our talent in Scotland.

Delivering this type of ambition relies on investing in the quality of our housing and our infrastructure, our public health, and the support that is available to those who need it. Thinking of these as social policies disconnected from economic policy and job creation and growth is simply to constrain the potential of our people.

There is also no choice but to focus on decarbonising and greening our economy. The global climate crisis poses an imminent threat to our quality of life and wellbeing. We have a moral imperative to act, but if we rise to this challenge now, we will support jobs through innovations that we can export to the rest of the world, and bolster the natural assets that underpin our economy. Our recovery will be an environmentally sustainable and green recovery. Everything we're doing, whether it be on skills, business support, investment, is focused on sustainability and ensuring a just transition to net zero by 2045.

The global challenges of COVID-19 and climate change also put a spotlight on the critical nature and role of our local economies. It requires us to think about how we can change the way that we work and travel, to reduce the impact on our environment but potentially, also to create an economic and social renewal in all of our communities. It can be a means to address significant challenges around de-population of parts of Scotland.

Unlocking the power of digital innovation means that economic activity can happen anywhere that is connected. It can also reduce the need to travel – opening up new opportunities for economies to flourish in our rural and island communities and reducing the inequity caused by the costs and time of travel.

In this response to the Advisory Group on Economic Recovery, therefore, we set out what we can accelerate at pace now, and what further actions we can take forward in the forthcoming Programme for Government, as well as the refresh of the Climate Change Plan update.

We won't have all the answers but I look forward to working with our employers, our public sector and our people to rise to the challenge in front of us.

Fiona Hyslop MSP

Cabinet Secretary for Economy, Fair Work and Culture

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Executive Summary

The report by the Advisory Group on Economic Recovery validates our overall strategic approach to the economy while sending a strong message about pace, partnership and the emerging priorities caused by the COVID crisis. Our response to the report commits us to developing new partnerships and strengthening existing ones as we take forward its 25 recommendations. We will also go further. The economic crisis provides an opportunity to re-imagine Scotland and to begin building a greener, fairer and more equal society: a wellbeing economy.

This is an opportunity we will seize. Our wellbeing economy will be built on the principles of sustainable economic growth, accompanied by tackling inequalities, and delivered as a green recovery to meet our climate change targets and wider environmental objectives.

Our first priority in this economic crisis has been to protect jobs and businesses and we have provided over £2.3 billion of support over recent months. Our next priority is focused on restoring business and consumer confidence, offering ongoing support to protect and create jobs, accelerating investment in green technologies and infrastructure, and supporting all parts of Scotland to recover, and to weather the full impact of BREXIT.

Businesses are the engine room of our jobs and growth prospects. Successful and thriving businesses, whether SMEs, large corporates, social enterprises or not for profit businesses, are key to our success. Our approach to economic recovery ensures that we will work with business to create the conditions needed to deliver on our ambitions.

In this report, we set out the actions we are taking across six main themes to secure a jobs-focused and socially just economic recovery:

- Protecting jobs by supporting business recovery and sustainable, green growth
- Creating jobs through business engagement and a partnership approach
- Supporting access to good quality jobs through employment, skills and training
- Boosting local job creation through resilient people, communities and places
- Creating jobs and a Just Transition through investment-led sustainable growth
- Monitoring our progress and outcomes

Throughout all of our actions and across the themes, we will strengthen our focus on tackling inequalities and wellbeing to create a socially just economy. We are also making a further explicit commitment, in addition the 25 recommendations to embed equalities and human rights at the heart of our approach to the economy.

In addition, our response to the Enterprise and Skills Strategic Board's report¹, published alongside this report, sets out in detail, how we will work alongside our agencies and partners to implement and deliver on the specific recommendations on measures to mitigate the labour market impacts of COVID.

This report should be seen as a broad endorsement of the full suite of recommendations set out in the Advisory Group report; the Annex provides a detailed response to each recommendation.

However, it is only the start of our journey to a longer term economic recovery. In this report, we set out a focus on the more immediate actions we need to take to support Scotland's economy and protect jobs to create a basis for a strong recovery. In the coming weeks we will publish more detailed plans in our Programme for Government, our Infrastructure Investment Plan and our Climate Change update. The Programme for Government, will set out our further thinking and development of the broad wellbeing economy commitments we want to take forward for an economic recovery and social renewal for all of Scotland.

¹ <https://www.gov.scot/publications/report-enterprise-skills-strategic-board-sub-group-measures-mitigate-labour-market-impacts-covid-19/>

1. Economic Context

1. Our vision for Scotland is of a society that is thriving across economic, social and environmental dimensions and that delivers sustainable and inclusive growth for the people of Scotland: what we are calling a wellbeing economy. Scotland has many strengths, but also underlying structural economic challenges. There is no doubt that the economic crisis precipitated by the COVID-19 pandemic has made this much harder in the immediate term. However, it also provides opportunity. As the Advisory Group's report notes: **"We came into this period seeking to lay the foundations of a robust wellbeing economy. We must come out of it with an additional focus on resilience."**

1.1 Scotland's Economy and the impact of COVID-19

2. The COVID-19 pandemic is primarily a public health emergency, but one that has created an economic crisis, impacting across all sectors of Scotland's economy, business, workers and households. The virus continues to pose real risks. However, with sustained progress made in suppressing the virus, Scotland has been able to gradually move through the phases of its recovery route-map.²
3. Economic recovery is best delivered if we all work together to continue to suppress the virus and drive toward elimination even though that might mean some continued economic disruption. We will look to work as closely as possible with business and we expect business to work with us to support the efforts to drive out the virus. **One of the biggest economic investments the Scottish Government is making is in the NHS and in particular in Test and Protect.** The ability to stay on top of outbreaks is vital to maintaining an open economy. This is both a public health and an economic investment, and is the most significant commitment the Scottish Government can make to economic recovery.
4. Scotland's GDP grew 1.5% in May following sharp falls of 18.9% in April and 5.5% in March. Compared to February, Scotland's GDP was 22% lower in May. This is significantly bigger than any previous economic contraction.
5. Around one fifth of businesses closed during the first lockdown phase, with an estimated 736,500 workers furloughed at the end of June and around 155,000 self-employed claiming under the Self-Employment Income Support Scheme. The claimant count almost doubled between March and May to a rate of 7.8%, signalling rising unemployment, coupled with a sharp slowdown in earnings growth.
6. Scottish Government analysis suggests that the most-exposed sectors are prevalent in rural local authorities. Rural and island economies continue to face particular pressures given their greater reliance on micro and small businesses and self-employment, the seasonal nature of many businesses, in particular the greater reliance on tourism, and the loss of both export markets and domestic food service markets.
7. We know that long-lasting negative impacts (labour market scarring) can be significant for those entering work in a recession, impacting disproportionately on certain groups particularly young workers, disabled people, minority ethnic people and women.

2 <https://www.gov.scot/collections/coronavirus-covid-19-scotlands-route-map/>

- 8.** Additionally, lockdown measures have had significant social impacts, many of these unevenly distributed across the population, exacerbating existing inequalities. Social isolation has been particularly acute for those with underlying health conditions and the elderly. We have seen unequal home learning with increased concern about vulnerable children and neglect. Increased childcare responsibilities at home, have overwhelmingly fallen on women. Lower-income households are more likely to live in smaller apartments and find more difficulty accessing local green spaces, making staying-at-home more detrimental to wellbeing.
- 9.** Nevertheless, we have also seen some positive opportunities emerging for the economy. The speed and adoption of digital technology to work, socialise, engage with public services and shop has sustained employment and maintained societal bonds. The importance of the strength and resilience of Scotland's national digital and data infrastructure, the inter-operability of public services, and the need for digital skills across the spectrum of economic sectors, but also, the consequences of digital exclusion has been put into sharp focus. We must capitalise on the gains, but equally in doing so, we need to ensure that we explicitly tackle the underlying inequalities as part of our approach to the economy in order to unlock our full economic potential.
- 10.** On the environmental side, we have seen a fall in emissions and a behavioural change towards active travel and working from home. However, there has also been a corresponding fall in the use of public transport and a rise in car journeys that may prove difficult to reverse in the short term. In our economic recovery and social renewal, again there is an opportunity to lock in the positive aspects of these changes in a way that enables more flexible, local and environmentally sustainable approaches to business, work, travel and the delivery of public services.
- 11.** The long run impact of the crisis, on businesses, communities and households, will depend on the duration and severity of the downturn and the effectiveness of our response. Whilst some sectors have managed to continue to operate satisfactorily, with staff working from home or other arrangements, other industries have not been fully operational or have temporarily ceased trading. Some sectors will take time to fully get back to normal such as in the arts and entertainment industries. In addition, there will be scarring effects where companies have permanently ceased trading.

1.2 Public Finances and Economic Recovery

- 12.** The economic recovery also needs to be considered in the context of our public finances as the pandemic, and the resulting reduction in economic activity, will significantly raise government expenditure and reduce tax receipts.
- 13.** The latest public sector finance data show the potential fiscal impact. The UK Government borrowed £128 billion in the first three months of the financial year, the highest borrowing in any April to June period since records began in 1993. As a result, UK public sector net debt rose to £1.98 trillion, or 99.6% of GDP, in June 2020. This is the highest debt to GDP ratio since 1960/61.

14. The Office for Budget Responsibility (OBR) expects the UK's fiscal deficit to reach between 15% and 23% of GDP in 2020-21, depending on the speed of the economic recovery – the highest peacetime level in 300 years. While borrowing and debt are high, there are currently no signs that the UK Government is struggling to finance itself. However, the OBR has warned that in the longer term, there will be a need to take measures, to return the public finances to a sustainable path.

15. Both the UK and Scottish Governments have provided unprecedented support to help protect jobs, enable businesses to survive and limit the longer-term damage to the economy. At an estimated cost of £192.3 billion (10% of GDP), the UK Government's fiscal response already exceeds the fiscal support provided at the height of the financial crisis in 2008-09.

16. Despite this, it is clear that further fiscal support will be needed as we emerge from this economic shock. On 8 July 2020, the Chancellor announced a "Plan for Jobs" worth around £20 billion according to provisional estimates by the OBR.

17. While we welcome this investment, we will continue to call on the UK Government to go further and adopt our bold and practical proposals for a UK-wide £80 billion (4% of GDP) fiscal stimulus to regenerate the economy and reduce inequalities as set out in our paper COVID-19: UK Fiscal Path – A New Approach³. This includes a call to adopt flexible fiscal rules which prioritise economic stimulus over deficit reduction in times of crisis; agree a 'national debt plan'; accelerate major investment in low carbon initiatives, energy efficiency and digital infrastructure; choose to use public money to protect jobs and livelihoods by strengthening the safety nets through support schemes and the welfare state; and extend Scotland's financial powers to allow it to shape its own response to the pandemic.

18. The steps that we take towards economic recovery from the COVID-19 pandemic will also occur in the context of BREXIT, the end of the Transition Period on 1 January 2021, and deep changes to Scotland's economic relationships thereafter. The cumulative impacts of the COVID-19 and BREXIT shocks will be severe. Scottish Government modelling indicates that ending transition this year would result in Scottish GDP being between £1.1 billion and £1.8 billion lower by 2022 (0.7 to 1.1% of GDP), compared with ending transition at the end of 2022. That would be equivalent to a cumulative loss of economic activity of between nearly £2 billion and £3 billion over those two years. This will clearly hamper recovery from the impact of the pandemic. Scottish companies will be in a much more fragile state and less able to absorb the impact of the end of the transition period because of the need, rightly, for both business and government to focus on COVID-19. Most key sectors of the economy will be adversely affected, coming on top of severe COVID-19 impacts.

19. Despite the impact of BREXIT, we are also committed to maintaining as close as possible a collaborative relationship with the EU, and our partners across Europe, with whom we are well aligned in terms of the wellbeing economy, and where collaboration in areas such as research and innovation will continue to be crucial to economic prospects.

3 <https://www.gov.scot/publications/coronavirus-covid-19-uk-fiscal-path-new-approach/>

1.3 A Wellbeing Economy for Scotland

20. A society that is thriving economically, socially and environmentally will deliver sustainable and inclusive growth for the people of Scotland. This means creating an economy that is environmentally sustainable, where businesses can thrive and innovate, and that supports all of our communities across Scotland to access opportunities that deliver local growth and wellbeing through tackling inequalities.

21. There is a growing body of international evidence from organisations such as the OECD which supports this approach. A sustainable, inclusive economy is also a more resilient economy: reducing inequality and improving the wellbeing of citizens through a human rights-based approach, can be complementary with achieving economic growth. Investing in our natural capital and seizing the new opportunities presented by the transition to a carbon neutral, circular economy⁴ will also help to build a stronger, more resilient economy.

22. The wellbeing economy agenda is not about zero or de-growth for Scotland – it is a commitment to deliver an approach that improves our economy through good quality jobs, and in a way that enhances the quality of life and is compatible with a net zero, sustainable economy.

23. Delivering a wellbeing economy has been a central priority in recent years and Scotland is a founding member of the Wellbeing Economy Governments (WEGo)⁵ initiative, where member countries work together to understand the key priorities for a wellbeing economy. Our membership of this group enables us to engage, learn and collaborate with other countries and utilise the advice of experts as we set our path to recovery and renewal.

24. A Wellbeing Economy is characterised by the following **principles**:

- **Economic progress and prosperity:** A thriving, innovative and entrepreneurial private sector with growing and sustainable businesses is central to a Wellbeing Economy. This includes growing investment in innovation, expanding our internationalisation opportunities, providing quality employment opportunities for people across Scotland that respect Fair Work principles and supporting the transition to a sustainable, net zero economy.
- **Inclusion:** Ensuring that all people and communities across Scotland feel the benefits of, and are able to contribute to, our economy and society is central to creating a wellbeing economy. We are committed to embedding equalities and human rights at the heart of our approach, including tackling intergenerational inequalities, and child poverty. Our approach to the economy therefore, requires addressing both inequalities in opportunities and outcomes across groups of people and ensuring that all regions and communities in Scotland are supported to thrive and prosper; irrespective of whether locations are urban, rural, island or somewhere in between.
- **Sustainability:** A wellbeing economy is about both current and future wellbeing. Environmental, economic and social sustainability is central to this. All countries will have to adjust to a more resource-efficient and sustainable economic model, to protect and restore the natural environment and help us live within the planet's sustainable limits. In line with Scotland's ambitious Environment Strategy, we are seeking to build a thriving, sustainable economy in Scotland that conserves and grows our natural assets, both from the development of the low carbon, circular economy and from investing in and using Scotland's natural resources more efficiently.

4 <https://www.gov.scot/news/circular-economy-bill>

5 <https://www.gov.scot/groups/wellbeing-economy-governments-wego/>

- Resilience:** A wellbeing economy must be 'future proof' and agile enough to withstand and respond to external risks and shocks. Economies have greater resilience when people have a stake in them and when they are more diverse. These factors make it more likely that we will have the capabilities to flex and repurpose businesses, skills and talents to changing circumstances, investing in and protecting our 'four capitals' – economic, human, social and environmental – the wellbeing assets that are critical to protect and grow for current and future generations.

Wellbeing Economy Monitor

To help us achieve our vision of an economy that delivers sustainable and inclusive growth for the people of Scotland.



Four Capitals
The assets that generate wellbeing for current and future generations.

2. Our Response and Implementation Plan

2.0 Introduction

25. The report by the Advisory Group on Economic Recovery validated our overall strategic approach to the economy while sending a strong message about pace and partnership. We accept its recommendations. In this response to the report, we set out how we will take forward its recommendations and how we will use these to strengthen what we are doing to respond to the economic crisis. We are also committing to going further. The economic crisis provides an opportunity to re-imagine Scotland and to begin building a greener, fairer and more equal society: a wellbeing economy.

26. The Scottish economy is facing a number of significant challenges arising from the scale of the economic contraction and the ongoing uncertainty over the medium-term economic outlook. The end of the BREXIT transition period represents another major adverse shock to Scotland's economy. The economy will be recovering from a low base with demand in many sectors remaining weak. Business models have changed and workforces have adapted significantly in order to operate in a safe manner as they resume operations. The scale of the losses in productive capacity, both jobs and businesses, is still emerging. The approach to the unwinding of policy support schemes, which have mitigated the economic impact, will be critical to the recovery.

27. To date, we have taken significant measures to support the economy. We have provided a £2.3 billion business support package, including specific schemes to support sectors like tourism, culture and the self-employed.

28. We have worked together – employers, workers, trade unions and regulatory bodies – to create safe workplaces for all. Our sectoral guidance, now published for around 30 sectors, provides assurance and confidence to workers, employers, customers and businesses that workplaces are safe to re-open. We will continue to provide further guidance as part of our phased approach to restarting the economy. In addition, we are working closely with key enforcement agencies such as the Health and Safety Executive, local authorities and Police Scotland – to ensure a joined-up approach to enforcement and monitoring, and one that will help us take swift action to respond to local outbreaks as we continue our efforts to suppress the virus.

29. Our actions now focus on the priorities to help business and industries recover and grow in a sustainable way to protect and create good quality jobs, as well as to ensure they are as prepared as they can be for the end of the EU Transition Period. We must invest in skills and training particularly for new technology and 'green' skills to ensure these opportunities exist across all parts of Scotland, including rural and island communities. At the same time, we are supporting people who are unemployed or may be at risk of unemployment, with the right skills, employment and training they need to access job opportunities.

30. We know we cannot do this alone. As part of our economic recovery, we commit to:

- **A partnership approach with business, trade unions, the third and voluntary sectors, local authorities and our enterprise and skills agencies, that is based on shared ambitions; and**
- **Integrating an equality and human rights approach to our policy and decision-making processes to ensure our approach to recovery is fit for purpose (see Annex, new 'recommendation' 26).**

31. Our response is structured into six key action themes where we know we must take action now to protect employment and people and support business to weather the most pressing economic challenges over the months ahead:

- Protecting jobs by supporting business recovery and sustainable, green growth
- Creating jobs through business engagement and a partnership approach
- Supporting access to good quality jobs through employment, skills and training
- Boosting local job creation through resilient people, communities and places
- Creating jobs and a Just Transition through investment-led sustainable growth
- Monitoring our progress and outcomes

Working collaboratively with business



Working collaboratively across business, government and employee interests has been at the heart of how we have worked with industries through COVID-19.

An example of this is the construction industry. Building on the work initiated in the Economic Action Plan of 2018, we quickly formed a collaborative working group that included voices from across industry and trade unions. Working closely with this group, and sharing knowledge, practice and understanding, the construction industry has been able to maintain work in critical infrastructure and effect a controlled return to work. We are now working with that same group to develop an industry recovery plan. This plan will outline immediate, short, medium and long term priorities that will be focussed on delivering the wellbeing economy.

As we transition to recovery, that level of partnership working will continue and deepen. We will work with businesses from a range of sectors to co-produce and deliver a programme of collaborative and focused projects to be taken forward over the next 3-9 months.

32. Our response makes clear our commitment to business, including those in the third sector. It is businesses who will drive the economic recovery that is the foundation for our wider wellbeing ambitions.

33. The nature of our growth, and economic recovery, also presents an opportunity to accelerate the just transition to a circular, net zero economy by 2045.

34. Being at the forefront of a global transition will stimulate investment and innovation and enable Scottish businesses to better compete internationally. This is also a huge opportunity to grow Scottish businesses, supply chains and good, sustainable jobs. Setting green recovery at the heart of our social and economic renewal plans can ensure that environmental sustainability and ending Scotland's contribution to climate change are central to our wellbeing economy.

35. The remaining sections in this report set out the actions we are taking, priorities for the immediate term and policies that we wish to develop further. These take into account the work and conclusions of the Advisory Group on Economic Recovery with our formal response to each of the recommendations in the Annex to this report.

2.1 Business Recovery and Sustainable, Green Growth

36. The Scottish Government's COVID-19 economic response and recovery programme has initially focused on protecting the economy, sectors, business and households from the worst, and most immediate impacts of COVID-19. We have provided a unique package of business support, totalling over £2.3 billion, to protect business.

37. This support has reached those who need it. The package of support to business comprises four elements: £972 million package of rates relief and other Non-Domestic Rates Income measures; our Small Business and Retail, Hospitality and Leisure Grant Schemes, which are worth over £1 billion; £185 million additional support fund; a package of seafood/fisheries measures worth over £18 million; together with an additional £10 million for the theatre venues fund. Additionally we made available a £230 million economic stimulus package that included funding for construction, low carbon initiatives, digitisation and business support, creating jobs by providing a pipeline of work for businesses.

38. Additionally, Scottish legislation has been amended to support businesses to remain in their property if they are unable to pay rent temporarily, allowing them to return to making positive contributions to the economy once restrictions are lifted.

Transport



Scotland's transport sector is a key enabler of the Scottish economy. The measures taken in response to the pandemic has had a significant impact upon the entire sector. The **Transport Transition Plan**⁶ sets out the actions taken by Transport Scotland to support Scotland's transport system during the crisis. The sectoral support provided by the Scottish Government has included £46.7 million to support bus operators to increase services, £10 million to support the rapid deployment of bus priority infrastructure by local authorities, and an £8.8 million Bus Emissions Abatement Retrofit scheme. Additionally we have provided £9 million of emergency funding for Glasgow Subway and Edinburgh Trams and a £30 million Spaces for People initiative, setting up temporary walking and cycling routes to enable social distancing during the crisis.

Moreover, the sector's success is critical for our recovery, and the National Transport Strategy – published in February 2020 – sets out our ambitious vision for Scotland's transport system for the next 20 years. The vision is underpinned by four priorities: reduce inequality, take climate action, help deliver inclusive economic growth and improve our health and wellbeing. Investment in transport infrastructure (including maintenance of existing assets) to support economic recovery is important. Such projects are labour intensive and yield large ripple effects throughout the economy boosting growth and employment.

39. The Advisory Group report proposed a number of actions to support a return of economic activity that is more aligned with a wellbeing and green recovery. Our response as set out here includes our priority actions, with a stronger focus on enabling recovery through procurement, better planning and regulation and digital transformation. Crucially, we recognise the importance of supporting our small and medium sized enterprises, and early stage companies.

2.1.1. Supporting recovery through procurement

40. Procurement spending across the public sector in Scotland presents a vital opportunity to maximise the impact of our investment to boost economic recovery and deliver sustainable and inclusive economic wellbeing. The annual report on procurement activity in Scotland, published in 2019, estimated that procurement spending by the Scottish public sector generates around £10 billion of economic activity in the wider Scottish economy, contributing £6 billion to Scottish Gross Domestic Product, supporting around 100,000 Full-Time Equivalent jobs.

41. Importantly we must harness the opportunity to learn from our response to this crisis, taking an even more ambitious approach and building on steps taken to make it easier for small businesses to access and compete for public sector contracts: 79% of suppliers awarded contracts in 2019-20 were SMEs, and 63% were SMEs located in Scotland. Maximising public money; driving access to contracts for business; jobs and training; and reflecting climate change goals, will ensure procurement activity increasingly reflects the needs of local communities in-line with the Place Principle.

⁶ <https://www.transport.gov.scot/coronavirus-covid-19/transport-transition-plan/>

42. Over the next year, we will maximise the economic impact of public procurement by:
- Leveraging the full procurement rules to exploit opportunities that will support economic recovery;
 - Strengthening our partnership working and engagement with stakeholders (buyers and suppliers);
 - Promoting and delivering scaled and market-friendly approaches to procurement that consider the capacity of sectors restarting post-COVID to respond;
 - Maximising the opportunities for local suppliers and the Third Sector, we will continue to fund the Supplier Development Programme and explore options to increase capability and capacity to develop and grow local markets;
 - Working with public authorities to broaden and advance the impact of the Sustainable Procurement Duty within the Procurement Reform (Scotland) Act 2014; and
 - Taking a place-based approach to help deliver Community Wealth Building.

Lessons from responding to COVID-19 – procurement and job creation



The COVID-19 pandemic exposed vulnerabilities in global supply chains for medical equipment such as ventilators, consumables such as Personal Protective Equipment (PPE) and hand sanitiser, and COVID-19 testing kits. The Minister for Trade, Innovation and Investment led work across government and the wider public sector including NHS Scotland Supplies and Enterprise Agencies to work closely with Scottish businesses to meet exceptionally high demand from NHS Scotland.

Bringing together the procurement expertise of NHS Scotland Supplies, the technical manufacturing knowledge of the National Manufacturing Institute for Scotland and the in-depth company knowledge of Scottish Enterprise allowed us to work closely with individual businesses to encourage expansion, repurposing and new manufacturing by Scottish businesses. Over the course of just weeks we were able to increase manufacturing self-sufficiency and create new supplies of masks (both Type IIR and FFP 3 masks), gowns and hand sanitiser. These public sector orders gave businesses confidence to invest and expand – and will **inform future work to develop supply chains for critical goods within Scotland**

Major achievements include:

- Alpha Solway, based in south-west Scotland, has purchased new machines capable of making type IIR masks with production due to begin in August at their facility in Dumfries. As well as providing an increased supply of masks, this has boosted employment in the region with 30 full-time permanent members of staff hired to work at this facility. The company is using raw material sourced from Don & Low in Forfar.
- Berry BPI has adapted its existing facilities and invested in new equipment in Greenock and Dumfries to produce 2 million aprons per week (with a total order for 108 million), creating 60 additional jobs by the end of July
- Supporting capital investment in new machinery to make Scotland more than self-sufficient in “Melt blown” (a key filter material for masks which is in short supply globally)

2.1.2. Better Planning and Regulation

43. Our planning and regulatory systems will be crucial in supporting investment and growth as part of our economic recovery, while maintaining our high standards.

44. We are currently taking forward the changes introduced by the Planning (Scotland) Act 2019. This focus on implementation of the changes already introduced alongside improved practice, is the most immediate way of improving the planning service and ensuring that it supports recovery effectively. As part of this work we will:

- Carry out a **comprehensive review of national planning policies and the extension of permitted development rights**, removing the need to apply for planning permission for priority areas of development, to support economic recovery. We will consult on detailed proposals in the autumn and lay regulations in Parliament later this year;
- Explore options to alleviate planning restraints, build capacity **and deal more quickly with complex applications**; and
- **Publish a Digital Planning Strategy in November** followed by a Programme launch in the New Year which will kick-start a five-year transformation programme to deliver digital tools to realise benefits across business, infrastructure and utility providers, public sector organisations and communities.

45. The Scottish Government's fourth National Planning Framework (NPF4) will be brought to Parliament in September 2021. This work will focus on developing our understanding of how Wellbeing, Place and Economy issues vary across Scotland to provide a clear picture of infrastructure and development priorities across the country.

46. Through our ground-breaking Heat Networks Bill, we are establishing a regulatory framework for the development of district and communal heating systems in Scotland. The framework draws on successful approaches in Europe, in creating the supportive environment needed to deploy these schemes which will be key in meeting Scotland's net zero targets. This will be a streamlined change, with new heat network developments being routed through a bespoke consenting process that will grant deemed planning permission, subject to meeting the local and national climate change and fuel poverty targets required.

47. Over the last 12 months, our Energy Consents Unit has made a number of improvements to its processes to speed up decisions, and we will continue to engage UK Government on areas where they have reserved powers.

48. The Advisory Group's report also highlighted specific issues on offshore wind, which were further reinforced by the Climate Emergency Response Group (CERG)⁷ report's focus on the infrastructure required to support offshore wind development. We are developing a clear framework to enable greater scale and speed in the growth in offshore and onshore wind development to support our commitments to delivering net zero by 2045.

49. As part of our approach we will adopt Scotland's sectoral marine plan for offshore wind later this year, outlining development areas for offshore wind leasing to support the sustainable expansion of offshore wind energy. In addition, we are implementing practical measures to increase the efficiency of processing marine licences, which will help optimise the resource available for offshore wind consenting.

7 <https://www.changeworks.org.uk/cerg>

2.1.3. Investing in our digital capabilities for economic recovery

50. Digital connectivity has played a pivotal role throughout the pandemic. Utilising our digital capabilities during lockdown has supported the work of the health and emergency services; enabled people to work effectively from home; and allowed families and friends to maintain important social bonds. The CERG report also noted the potential for increased digital connectivity to support continued home working, SME capability and reduced transport demand.

51. We will continue to invest in service design and wider digital skills, including an education system that is fully aligned to delivering our skills needs and addressing the role of digital exclusion in social inequality. Research suggests that every public pound invested in broadband in Scotland delivers nearly £12 to the Scottish economy⁸; and a recent study by PwC⁹ suggests that the use of artificial intelligence solutions as part of a national data infrastructure could be worth £16.7 billion to the Scottish economy in 2030.

52. We are, therefore taking the following actions to support our ambition around digital transformation:

- **Progressing the recommendations of forthcoming Logan Review¹⁰**, which considers how we can elevate Scotland's "Technology Ecosystem" to a world class level in a way that increases the rate at which we generate profitable, high growth tech businesses. The forthcoming Programme for Government will consider its recommendations in more detail.
- **Updating the 2017 Digital Strategy for Scotland** – setting our infrastructure ambitions within the wider context of transforming the delivery of digital public services and bridging skills and inclusion gaps through the provision of affordable connectivity and equipment to ensure that our most excluded can benefit from the opportunities of digital connectivity.
- Investing **£600 million to extend broadband infrastructure via the Reaching 100% (R100) programme** to ensure that every home and business in Scotland can access superfast speeds; and **£25 million via the Scottish 4G Infill Programme to build new masts in selected mobile 'not-spots'**.
- Establishing the **Scotland 5G Centre**. This will develop projects to improve rural and island connectivity, create an urban test bed for 5G in the centre of Glasgow and assist the deployment of supporting infrastructure.
- **Supporting SME adoption of digital technologies**. The pandemic has underlined the economic importance of digital capability. The businesses that have coped best are those who have been able to innovate digitally: pivoting quickly to homeworking, adopting cloud computing for collaborative working and using digital platforms to access customers and repurpose products and services. To maintain this momentum, we will explore new ways of supporting businesses to adopt digital technologies, stimulating growth and job creation. This includes examining making grants and loans contingent on a 'digital health check'.

⁸ <https://www.scotlandsuperfast.com/media/1757/analysys-mason-final-report-for-dssb-050419.pdf>

⁹ <https://www.pwc.co.uk/economic-services/assets/ai-uk-report-v2.pdf>

¹⁰ In May 2020, Mark Logan (former Skyscanner COO) was commissioned by Kate Forbes, Cabinet Secretary for Finance, to undertake a short-life review into how Scotland's technology sector can contribute to the country's economic recovery after the COVID-19 pandemic.

- Working with Scottish Futures Trust, Scottish Enterprise, SDI and others as part of a **cross-sector working group to develop an action plan around green data centres and international connectivity**, aimed at stimulating the market and incentivising commercial investment in particular promoting Scotland as a **green data hosting location**.

53. We understand the imperative to increase levels of digital inclusion, which is why, through the **Connecting Scotland programme we have already committed £5 million** to provide devices, data, skills training and technical support to people on low incomes and digitally excluded who are at high or very high clinical risk from COVID-19. We are considering how we might extend the programme to others at risk of digital exclusion including working with Education Scotland using E-Sgoil, a digital platform that delivers real-time interactive lessons, to develop national provision for all senior phase pupils to access high quality online lessons with qualified teachers.

2.1.4. Investing in SMEs and early stage companies

54. As at March 2019, there were over 350,000 Small and Medium-sized Enterprises¹¹ (SMEs) operating in Scotland, providing an estimated 1.2 million jobs. SMEs accounted for 99.3% of all private sector businesses, 55.4% of private sector employment and 41.5% of private sector turnover.

55. Investing in SME's and creating the conditions to support our small and medium size businesses is vital to our economic recovery and resilience. We want to see companies successfully grow, and provide good quality employment. To do this, we must ensure that existing businesses have the right support on which to build our sustainable, inclusive recovery and to protect employment.

56. We are also acting to support new businesses with high growth potential at the start of the business growth pipeline. We recognise that support for Scotland's entrepreneurial ambitions starts early and that is why we support Young Enterprise Scotland to work with our young people in schools and colleges to build their ambition and knowledge to create the businesses of the future. We continue to work closely with Entrepreneurial Scotland to build a strong ecosystem for start-up, early stage and growth businesses to provide more and better co-ordinated support for businesses to achieve significant growth.

57. The most ambitious of Scotland's new businesses would traditionally look to the investment market for capital to grow and develop. This investment pool is shrinking globally and may not recover for several years. We have therefore put in place **an additional £38 million support package for early stage businesses, to be implemented by Scottish Enterprise in partnership with private investors and other partners with relevant experience**.

58. To boost the number of business of scale in Scotland, we are providing funding to help support the **Scale Up Scotland** programme, led by the Hunter Foundation, which provides practical and relevant learning for high growth potential entrepreneurs.

11 An SME is a small or medium sized business with annual turnover under £50m and fewer than 250 employees.

59. We are also committed to working with private sector partners who can bring their own experience of building businesses to advise others, including:

- Using the **Logan Review**, undertaken by Mark Logan to consider how we maximise the impact of the tech sector;
- Funding the **Scottish EDGE** competitive model of entrepreneurial development and support, working in partnership with the Hunter Foundation, Entrepreneurial Scotland and a range of private sector partners from the entrepreneurial ecosystem in Scotland; and
- Funding the **Unlocking Ambition programme** to provide financial support and intensive training and mentoring to develop early stage businesses with the greatest growth potential.

2.2 Business Engagement and Partnership Approach

60. Our response and recovery is predicated on a partnership approach with business, trade unions, the third and voluntary sectors, local authorities and our enterprise and skills agencies, that is based on shared ambitions.

61. The Scottish Government and business have long worked closely together towards our shared economic ambitions. One of the core strengths of the response to the COVID-19 crisis in Scotland, has been the boost in collaborative efforts by businesses in Scotland and the public sector.

62. Working together has helped us tackle the critical issues of business resilience, helped protect the productive capacity of Scotland's industries, and built new and innovative supply chains around personal protective equipment and related supplies for the NHS and care sector. It is a partnership that has encompassed businesses of all sectors and sizes, and the public sector in all its forms, from the Scottish Government through enterprise agencies to local authorities.

Tourism



Scotland's new tourism strategy – Scotland Outlook 2030 – was launched immediately before the pandemic and was developed in complete collaboration with industry and our agencies.

That productive partnership has been integral to our pandemic response, through the Scottish Tourism Emergency Recovery Group, and now the Tourism Recovery Taskforce.

The sector has benefited from our overall package of £2.3 billion business support, but its seasonal nature means that, to ensure survival and revival, we will continue to explore what more can be done, and to press the UK Government to do the same.

Our new shared strategy puts the environment, communities, fair work, jobs and a skilled workforce at its heart and the Taskforce will focus on three key areas: Recovery, Investment and Stimulating Demand – reporting in September 2020.

Scotland's tourism offer depends on the beauty of our natural environment and this strategy will deliver tourism as a positive force for our businesses, the communities they support, and our environment, as also highlighted by CERG

63. Dealing with the crisis has begun to forge a new collaborative partnership between business and government. Individual businesses, business organisations and trade unions have been at the forefront of developing and delivering COVID-19 sectoral guidance and they will be an integral part of the development and delivery of our **joint sectoral recovery plans**. We will continue to engage closely with business to ensure necessary actions to prepare for the end of the EU Transition Period are taken. An example of an established and productive partnership approach on the Tourism industry is highlighted above.

64. We recognise that our economic recovery needs to be a national endeavour. We want to capture the gains in collaborative working, take on board new ideas for sector-led recovery and to create action-focussed partnerships to tackle Scotland's most pressing economic challenges. We will:

- Co-produce and deliver **a programme of collaborative and focused projects to be taken forward over the next three to nine months**, and beyond – including Sandy Begbie's leadership of the design and implementation of a job guarantee for young people, and developing a partnership with BT to boost SME digital skills, innovation and productivity in the South of Scotland;
- Ensure this initial partnership programme augments existing collaborations such as our work with the **Scottish Chambers of Commerce** on exports and developing the young workforce and with **SCDI on Productivity Clubs** and business aspects of Test and Protect;
- **Forge stronger partnerships with Industry Leadership Groups (ILGs)**, by collaboratively implementing the Enterprise and Skills Strategic Board's recent Review¹² and working with ILGs, trade unions and others to **develop and deliver sector recovery plans** (using the co-production model described above, which worked well for sector re-start guidance);

12 <https://www.gov.scot/publications/industry-leadership-groups-review/pages/1/>

- Work with business bodies to **agree a new compact for and with business** which sets out our shared values and aims, and provides clarity, commitment and accountability on mutual policy engagement and approach;
- Develop a plan to champion and enhance the role of SMEs and their engagement with opportunities across the Energy and Oil and Gas sectors through the **Oil and Gas and Energy Transition Strategic Leadership Group**, working alongside wider industry, public partners and the Trade Unions;
- **Invite business and other leaders to provide constructive challenge and support across the Scottish Government** to ensure the design and delivery of key policies takes better account of the needs and priorities of businesses and opportunities for economic benefit. Each business leader will work with the most senior leaders in the Civil Service on a small number of specific policies to drive change;
- Work with the **Banking and Economy Forum**, to take forward an action-focussed partnership with Scotland's financial services industry to identify and address economic challenges as they emerge, including consideration of issues such as recapitalisation of Scottish businesses, identifying new pressures in particular sectors or supply chains and using data to deepen our real-time understanding of economic impacts on households and businesses;
- Share knowledge and experience through **inward and outward secondments from and to business**; and
- **Increase private sector representation on public body and agency boards.**

Creative Sector



Arts, culture and creative industries in Scotland have been badly affected by the pandemic, in particular those that rely on public-facing activities such as the performing arts and museums. Without continued support, a significant share of the 72,000 workers in the Arts, Entertainment and Recreation sector face an escalating risk of redundancy.

We quickly put in place a package of support for the sector, including freelancers, and subsequently developed additional support to help businesses and individuals to navigate their way through the crisis. Nonetheless, as noted by the Advisory Group, many challenges remain, not least maintaining important cultural infrastructure and the freelance workforce.

The recommendations from the Advisory Group broadly align with our long-term vision for the sector as set out in the Culture Strategy – strengthening culture, transforming through culture, empowering through culture.

The welcome additional funding of £97 million from the UK Government for the culture, creative and heritage sectors will allow us to build on these recommendations and work in collaboration with our partners and the recently-established National Partnership for Culture to develop the resilience and diversity of the sector.

- **Building on the proposal for a National Arts Force, we will create a “Culture Collective”** to harness and maximise the contribution of Scotland’s creative workforce (particularly freelancers) to the building of a wellbeing economy. We will incorporate advice and recommendations from the National Partnership for Culture on the most strategic and sustainable ways to achieve this, following the principles of the Culture Strategy.

65. The Advisory Group recognised that the precise form and structures of a new partnership are not an end in themselves. Our objective is to create a shared agenda with aligned ambitions to deliver the kind of recovery that Scotland needs. We will therefore take action as set out above and **review** and empower, build on, or repurpose **existing advisory groups to boost co-production**, before determining whether to establish a new Council of Business Advisors.

66. Of course, our partnerships must extend beyond business. We have strong and effective partnerships with the trades unions, and will continue to strengthen these to embed fair work and wellbeing principles at the centre of our economic recovery. We will re-energise our partnership with local government, linking this to public service reform, aligning delivery bodies and key anchor institutions to find more effective ways to deliver our shared outcomes.

67. COSLA has indicated that the findings and recommendations of the Advisory Group are broadly consistent with their own views on response and recovery. We welcome this and will work with our local government partners to mitigate the worst impacts of the COVID-19 economic crisis and support recovery. This will include joint work on employability, job creation and business support and economic development and will recognise the central role of local Government in place-based working.

The Third Sector



The third sector is a major contributor to the delivery of our national outcomes as well as contributing more than £6 billion a year to the Scottish economy.

The sector's role during the crisis has been vital during the crisis and we have acted quickly to support the sector. The Third Sector Resilience Fund has provided over £22 million financial support and advice to third sector organisations who would otherwise have succumbed to income and cash flow issues now and in the immediate future. Through our prompt action, we have saved up to 15,000 jobs and financial analysis suggests that this investment has saved between £72 million – £145 million in tax receipts.

We are currently working with partners to develop a new Third Sector Recovery Programme combining investment with enhanced business support – this will also aim to help the sector to move forward and adapt. Longer term we will explore new forms of social investment and finance to build upon Scotland's world leading position in social enterprise. We will seek to address the barriers facing the sector by strengthening **collaboration between the Scottish Government, Local Government and the Third Sector**. And we re-make our commitment here to **longer term funding** across the Scottish Government.

68. The shared Partnership Working Agreement for Employability between the Scottish Government and COSLA which has been in place since December 2018 has provided a strong foundation for joint working on employability and skills. We will now develop a similar approach for the business support and economic development landscape so that our collective knowledge, expertise and resources deliver maximum impact. This will include accelerating work already underway with local government and other partners to provide a joined up system of support that meets the needs of businesses right across Scotland.

69. Equally, our enterprise and skills agencies are critical to our purpose. Working with local government and Business Gateway, these agencies have a critical role in leading and supporting recovery, whilst also meeting the immediate needs of businesses and existing commitments for 2020/21 and beyond. As set out more fully in the place section, over the next 12 months Scottish Enterprise will shift to a more regionally, place focussed model for economic development drawing on its national capacity and expertise.

70. We will explore with Scottish Enterprise how to capitalise on the existing investment in the rural leadership programme by:

- testing a mechanism that creates peer to peer support for micro-enterprises by matching successful and innovative rural business leaders with businesses in their area who need help to reach their potential; and
- Connecting innovative rural leaders with young entrepreneurs in their area to explore business opportunities and provide support and mentoring.

71. We will also issue guidance to all public bodies and agencies to encourage them to strengthen their relationships with business, trade unions, the third sector and local government.

2.3 Employment, Skills and Training

72. The coronavirus pandemic has had an unprecedented effect on Scotland's labour market. Workers have been furloughed or lost their jobs as businesses have temporarily or permanently closed and many of those who have kept working have experienced significant changes in working practices such as a move to home working, physically distanced offices and reduced public transport.

73. It is anticipated that the unemployment rate will increase – potentially significantly – as the job retention scheme unwinds. Certain groups such as women, disabled people, people with minority ethnic backgrounds and young people who are already disadvantaged in the labour market, have further suffered disproportionately as a result of COVID-19 and its impacts on the labour market. These groups tend to be over-represented in those sectors hardest hit from the impacts of COVID-19 and the lockdown in the economy. Our response must ensure we are adequately responding to the particular needs of these groups, ensuring their inclusion in the labour market through effective design of policies and considerations around equality of opportunity, pay and progression as part of our economic recovery measures.

74. Alongside this report, the Scottish Government has published its response to the Enterprise and Skills Strategic Board's report setting out a delivery plan for implementing actions to support those workers facing redundancy, and to provide training to help unemployed people back into work. Our immediate priorities to support the economic recovery requires actions in three key areas of the labour market: support for our young people; support for those made redundant or at risk of job loss; and support for those currently seeking work or who are at-risk of long-term unemployment.

2.3.1. Job support for our Young People

75. We will seek to mitigate the worst impacts on rising youth unemployment. To do this, we have already announced investment of at least £50 million to support up to 20,000 young people in jobs. This will include:

- Development of the Scottish Job Guarantee recommended by the Advisory Group. Work to develop an implementation plan for the Guarantee is being led by Sandy Begbie and will be taken forward in partnership with employers, local authorities, third sector and youth work organisations to ensure an equitable offer to all young people. We are in a unique position to build on the strength of our existing structures and networks and it is critical that we fully utilise these in shaping the Guarantee. We recognise that our approach must fully account for those young people who already face significant barriers in the labour market such as those from disadvantaged backgrounds, minority ethnic young people, lone parents and people with a disability
- Increased investment in Developing the Young Workforce as well as providing wrap-around support to those on the Kick Start Scheme and identifying how we support those not eligible.

2.3.2. Job support for those facing redundancy

76. We will begin a programme of retraining for people made redundant or whose employment is at risk. Despite improvements in access to retraining and upskilling interventions in recent years, Scotland's skills system will require significant investment and reform in order to respond to the levels of unemployment currently forecast. Therefore, we will:

- Work with stakeholders to develop a **COVID-19 Transition Training Fund**; a flexible and proactive programme of skills interventions, including digital skills, to support people facing redundancy in those sectors and regions most affected by the current crisis.
- **Refocus our skills strategy.** The pandemic has highlighted the importance of improving access to retraining and upskilling opportunities. Additional investment has already been made in supporting retraining and upskilling: £3.7 million to enable the re-opening of Individual Training Accounts and £20 million for the Flexible Workforce Development Fund. Helping individuals across Scotland to upskill and retrain will be critical to our economic response to COVID-19, and offers opportunities to reskill people for the jobs associated with our transition to net zero. It also demonstrates our commitment – as set out in Scotland's Future Skills Action Plan (2019) – to creating a culture of collective investment in Scotland's skills system and developing more opportunities for lifelong learning.
- The need for strategic planning on skills will be an important factor in delivering a just transition to a net zero, circular economy in Scotland, in response to the global climate and nature emergencies. We will look for opportunities to prioritise investment, innovation, skills and supply chains in support of green jobs. This will deliver decarbonisation and wider environmental outcomes, create long term skilled jobs, and help rebuild a stronger, sustainable economy.

2.3.3. Support for those seeking work or at risk of long-term unemployment.

77. We will ensure disadvantaged groups are not left behind. This will require focussed support for the 115,000 people likely to be at risk of long-term unemployment including:

- **extension of Fair Start Scotland services for a further two years to March 2023** providing support for unemployed people with disabilities, health conditions and other barriers to moving into fair and sustained work;
- extra funding for **Partnership Action for Continuing Employment (PACE)** to provide immediate advice to all at risk of being made redundant and provide additional support to groups at risk of falling further behind (e.g. disabled people and minority ethnic people); and
- a £5 million investment in **Parental Employability Support Fund** to help low income parents into and progress in work in 2020/21.

78. We will collaborate with partners to initiate early planning on a **Centre for Workplace Transformation, aiming to have completed plans by the end of 2020**. This has the potential to add real value to our knowledge base on workplace innovation, business models and organisational change and productivity, as well as to support the public and private sectors to deliver positive change in workplaces across Scotland in line with the Fair Work agenda.

2.3.4. Tackling Inequalities for a wellbeing economy

79. COVID-19 has both exposed and exacerbated health inequalities in Scotland. The disproportionate harm caused by COVID-19 to minority ethnic groups, people living in greatest deprivation, people with obesity, diabetes and respiratory disease¹³ has highlighted new vulnerabilities and underscored widening existing health inequalities. However, health inequalities cannot be addressed through health and social care alone and are themselves primarily manifestations of economic, social, structural and cultural inequalities. In its report, the Advisory Group was clear that “in setting the direction of Scotland’s economic recovery, we must seek not only to mitigate inequality but to reduce it.”

80. The emerging data and evidence also tells us that we are seeing larger rises in unemployment levels and higher rates of furlough for young people. In addition, more deprived, and rural & remote areas with large tourism employment have seen the largest percentage point rises in benefit claimant rates. Additionally, evidence at the UK level indicates larger employment falls for minority ethnic groups due to higher levels of employment in affected sectors and also atypical work. There is also a growing level of evidence of higher levels of social impacts for disabled people than non-disabled people which could have a negative impact on their employability longer term.

13 Emerging evidence on health inequalities and COVID-19: June 2020

81. Inequalities of outcomes can often stem from existing inequalities, particularly in the early years and through to young adults. Our aim to achieve our challenging statutory Child Poverty targets and to close the poverty-related attainment gaps across Scotland, are defining missions of this Government. However, we recognise the disruption and challenges the pandemic is causing to children across Scotland, and especially those from disadvantaged backgrounds. To support our commitments, we have identified a number of actions to mitigate the impacts on those hardest hit and to help wider recovery:

- We are establishing a **new £11.2 million Transitional Support Fund** to help childcare providers in both the private and third sectors, including out-of-school care providers, meet extra costs incurred to comply with public health guidance in response to the coronavirus pandemic. On top of this we are working with the Scottish Childminding Association to introduce a new Workforce Support Fund which will provide grants to childminders to help them adapt to the reality of the virus
- We are investing **£182 million through the Attainment Scotland Fund** helping support Local Authorities and schools to support our most disadvantaged families and to make adjustments to existing plans to be delivered as schools return.
- We have announced a further **£100 million in additional funding to help the return to school and tackle any loss of learning**. This will include support in recruiting additional teachers; support to local authorities in the logistical arrangement and associated costs of reopening schools.
- We are engaging with Third Sector organisations, through the Attainment Scotland Fund, to deliver **summer learning and support programmes, including Young Scot, Youth Link Scotland and Children's University**, to support the most disadvantaged children in our society.
- We continue to press forward our work to tackle child poverty through our **£50m Tackling Child Poverty Fund** and aim to refocus our work to meet the emerging needs of priority families affected worse by the impacts of the Pandemic

82. Beyond the immediate pressures, through our longer-term recovery plan, there is an opportunity to build a strong national consensus around a national purpose; to learn from other small nations and adapt lessons to Scotland's specific circumstances that will enable a shift-change towards a wellbeing economy, for example:

- We will explore new delivery models in sectors that have been highlighted during the pandemic e.g. social care cooperatives
- We will re-affirm our commitment from our Gender Pay Gap Action Plan¹⁴ to explore options to treat investment in childcare and social care as infrastructure, recognising the value that care, paid and unpaid, plays in our economic and social wellbeing

14 <https://www.gov.scot/publications/fairer-scotland-women-gender-pay-gap-action-plan/>

Care Sector



The care sector represents key economic infrastructure, as discussion with the Social Renewal Advisory Board has made clear. Investment in care as infrastructure yields significant economic return and must be valued as a key part of our economy

Social care support is an investment in Scotland's people, society and economy.

This principle is at the heart of the joint Scottish Government and COSLA Reform of Adult Social Care Programme launched in 2019. In that, we are working with a wide range of partners to achieve change and improvement. One of the programme's key priorities is Fair Work in social care. The Fair Work in Social Care Group is taking forward the recommendations set out in the Fair Work Convention report into Social Care published in February 2019.

The programme's other priorities include how social care is understood and valued by people and society, how it is funded and paid for into the future, consistency of experiences, and what models of care we need in Scotland and how they are delivered. The pandemic has brought many of these issues into even sharper focus and we are currently enhancing the reform programme to ensure the issues and learning that have been highlighted during the pandemic are embedded in our approach.

Childcare



From August all eligible children will be entitled to at least 600 hours of funded Early Learning and Childcare (ELC). We will work with local authorities to expand provision wherever possible and to reinstate the commitment to 1140 hours of funded ELC at the earliest possible date. Childcare is a critical policy for our inclusive growth ambitions. Through our flexible childcare model and our £3 million Access to Childcare Fund we will support a number of innovative community based projects to deliver accessible and affordable school age childcare for low income families. This will be coupled with support for parents to enter employment or training or to increase current hours of work.

Maintaining and widening access to affordable and high quality childcare provision will support the economic recovery and provides opportunities for all to flourish. Having a fully-functioning childcare sector is a vital way to enable parents and carers to return to work, or to increase their working hours.

The lack of childcare provision across Scotland's rural and islands communities is preventing parents and carers, many of whom are women, from working to their full potential. It is also an obstacle to encouraging young families to move to rural and island areas. The Government will pilot new ways of extending coverage to all of Scotland and augment our ELC commitments. We will focus on identifying potential models of small, flexible and very local provision with an emphasis on parent and community led childcare, co-ops, and social enterprises. Viewing childcare as part of Scotland's critical infrastructure we will also look at innovative ways to fund sustainable provision.

2.4. Resilient People, Communities, and Places

83. The crisis provides an opportunity to consider different economic delivery models, underpinned by our values, to create a 'new deal' for the post-COVID-19 economy. The Advisory Group was clear in its support for "an approach to recovery and economic development that is grounded in local and regional approaches and partnership"

2.4.1 Investing in places and communities

84. Since the start of the COVID-19 crisis, we have made significant investments to support local and regional economies, helping to mitigate the worst of COVID-19's economic impacts and to create the conditions for communities and businesses to thrive in the longer-term. In particular we have:

- Provided **£2.1 million of funding through the South of Scotland Economic Partnership** for tourism, business, community and agricultural projects across Dumfries and Galloway and the Scottish Borders to support economic development as part of the £20 million we committed to invest in the region over 2 years to establish SOSE and support local projects.
- **Created a £62 million Energy Transition Fund** targeted at projects, identified by the sector and regional partners, which will accelerate energy transition and respond to the dual challenges of commodity downturn and COVID. Taking a place-based approach, we are working to ensure this investment supports and creates local jobs and benefits wider supply chains across Scotland.
- Provided **£2 million for towns and Business Improvement Districts**, in addition to the £1 million Resilience Fund announced in March and the £50 million 2019-20 Town Centre Capital Fund.
- Invested **£35 million in community-led regeneration** programmes including the Regeneration Capital Grant Fund delivered in partnership with COSLA and the Empowering Communities Programme.
- Launched a new £4 million Museums Resilience and Recovery Fund for the independent museums sector to support the return of staff from furlough and the wider reopening of museums and galleries.
- Committed £700,000 to support our **Museums & Galleries Urgent Response Fund and created a Digital Resilience Fund of £115,000** enabling museums to adapt to more digital working during the period of closures.

85. We are also investing **£1.9 billion in City Region and Regional Growth Deals** and associated investment benefitting every region of Scotland. The Deals programme is regional in nature, with regional partners determining priorities for investment and leading delivery of them. The programme, including investment from other partners, will protect or create over 74,000 jobs. As part of this, in July we:

- Committed to investing **£50 million over ten years through the future Falkirk Growth Deal**, to fund targeted economic development activity across a range of themes, including infrastructure, transport, innovation, energy transition and skills. £10 million of this is ring-fenced for 'green' projects. The UK Government is also investing £40 million in the Deal.

- Agreed to invest **£50 million** via a forthcoming Growth Deal for the Islands, matched by UK Government. The 10 year Deal will support local priorities including innovation, energy transition, tourism and infrastructure.

86. In response to the COVID crisis we are working with regional partners to **adapt the Deals programme**. We have already enabled Deals in delivery to draw down funding more frequently to aid cashflow; we are speeding up the project development process to ensure money flows out to regional economies as quickly as possible; and we are engaging directly with regional partners to ensure Deal projects and programmes can flex dynamically in response to changed circumstances.

87. We are continuing work with the **Equality and Human Rights Commission** to ensure the Deals investment delivers better inclusive growth outcomes including for under represented, disadvantaged and deprived people and communities.

2.4.2 Place-based Approaches to Economic Development

88. We will accelerate the implementation of the Place Principle¹⁵ to ensure that the significant investments we make in our regional and local communities are relevant to local needs, support economic recovery and protect communities from the worst impacts of COVID-19 on jobs and livelihoods.

89. Local authorities have a critical role in meeting the needs of communities and in shaping and supporting places and local and regional economies. This has been demonstrated through their important role in responding to COVID, including the distribution of funds to businesses. The crisis has also seen a new and more collaborative and agile way of working between local and national government and our agencies. We want to maintain and build on that as, together, we look to economic recovery and renewal.

90. Our three enterprise agencies, **Highlands and Islands Enterprise** (HIE), **South of Scotland Enterprise** (SOSE) and **Scottish Enterprise** (SE) reflect the different economic geographies of Scotland and already have a strong focus on the local and regional economies they serve. Both HIE and SOSE are particularly embedded in their communities, including in fragile rural areas. All three agencies capitalise on the strengths and assets of their areas to create high quality jobs. For example, SOSE has committed £2.7 million over five years to support a new tourism, marketing and destination development programme; HIE is working to ensure the long-term environmental and economic sustainability of Cairngorm Mountain and the surrounding area; and SE's support for the Halo Project in Kilmarnock is regenerating the former Johnnie Walker site as a new urban quarter and it is repurposing the former Michelin site in Dundee to create the Michelin Scotland Innovation Parc as an innovation hub for low carbon and sustainable mobility.

91. Over the next 12 months, as part of a continued shift to a more regionally focussed, place-based model for economic development, Scottish Enterprise will work intensively with partners in three regional economies (Glasgow and Clyde, Ayrshire and the North East) to learn by doing and demonstrate the value of deeper and more regionally focussed collaboration.

15 <https://www.gov.scot/publications/place-principle-introduction>

92. This shift to a more bespoke, regionally-focussed approach across the SE area by the end of 2022, recognises that needs and opportunities are varied across Scotland. It will draw on SE's international and national capacity, insight and expertise and will focus on understanding and leveraging all available assets to maximise opportunities for these regional economies. SE will continue to provide business and economic development support across its own area as well as pan-Scotland services and international activities such as leading on trade and investment.

93. Regional Economic Partnerships (REPs) bring together local and national government, enterprise and skills agencies, the education sector, and business to align and leverage economic opportunities. The Scottish Government wants REPs to play a strong role in leading regional economic recovery and renewal and will ask each REP to deliver an action plan for doing so. We will help each REP convene national and local economic actors – members of the REP and others – to take a focussed 'taskforce approach' to this work. We will look to private sector partners to play strong leadership roles in identifying and prioritising regional strengths and driving forward collaborative action that exploits opportunities, including increasing investment from within and beyond each region.

94. These regional economic recovery and renewal action plans will help drive more inclusive and greener economies with a particular emphasis on helping people access more and better jobs as we recover from the Covid-19 crisis. We will work with our agencies to help align these regional plans across Scotland for maximum impact, ensuring that each plan informs others as well as national delivery.

2.4.3 New Approaches to Economic Development and Regeneration

95. Economic recovery offers an opportunity to accelerate, or lock-in new ways of approaching an economic and social revival through a green recovery, across all parts of Scotland. In partnership with others, we will identify opportunities to enable progress towards our wellbeing economy objectives:

- **We will accelerate our plans for community wealth building** to retain spend within local economies to aid local job creation and drive inclusive growth, working with local partners to leverage the purchasing power, assets and recruitment practices of our 'anchor institutions' such as colleges, universities and healthcare facilities, for the benefit of local people and businesses. As discussion with the Social Renewal Advisory Board has made clear, community wealth building is a key means to deliver many of our ambitions in Scotland in terms of strong local economies and vibrant communities.
- We will take forward our **£3 million commitment to an innovative community wealth building pilot** through the Ayrshire Regional Growth Deal, commencing in early 2021; and work with partners to produce community wealth building action plans setting out specific activities to strengthen local economies and engage with national bodies to consider their local impacts across the country. Drawing expertise from **the Centre for Local Economic Strategies**, we have increased capacity inside Scottish Government to support the roll out of the model in a number of additional areas.

- With thousands of office workers currently working from home and retail, tourism and leisure particularly affected, **Scotland's cities** have been hit hard by COVID-19. Nonetheless, they remain vital hubs of economic and social activity and are at the heart of our public transport systems. We will therefore work, as a partner, through the Scottish Cities Alliance (SCA) and with other public and private partners, to help cities recover from the impacts of COVID-19 and realise their full economic potential. In addition, we will support the SCA's renewed focus on achieving the transition to net zero carbon cities.
- We will continue to invest in regions to support our transition to a net zero economy, such as investments in energy transition in the North East and around Grangemouth as well as an initial investment of £10 million in **Mission Clyde** in 2020/21, as a first step to regenerate the Clyde as an engine of sustainable and inclusive growth for the city.
- We will empower people and communities to take action on climate change and benefit from the opportunities of a just transition to net zero emissions by delivering a network of regional **Community Climate Action Hubs** that will help to ensure regional initiatives with an economic development focus are aligned with our climate ambitions and commitments. We will also deliver **the £1 million a year Climate Action Towns** initiative to help Scotland's small towns play their part in climate action, taking into account differing local circumstances.
- We will ensure our **Colleges and Universities** are at the centre of economic recovery, recognising the breadth of their contribution to a skills led recovery: through their support to community cohesion; as partners in the school curriculum; in enabling and responding to the demand for skills; and in providing world leading teaching, research and knowledge exchange.
- We will introduce **Regional Land Use Partnerships from 2021**, to maximise the contribution Scotland's land plays in regional economic development and meeting climate change goals. In addition, the Scottish Land Commission's Vacant & Derelict Land Task Force will report this autumn with advice on how to bring more land back into productive use.
- We will work with local authorities, to use our **'Green Growth Accelerator'** to unlock additional investment for infrastructure projects that support the transition to a net zero emissions economy and help transform our cities and regions.
- We will complete a review of the **Town Centre Action Plan (TCAP)** to develop a new vision for towns and the means to deliver it, learning the lessons from COVID-19.

2.4.4. Investment in Housing

96. Housing plays a vital role in the lives of everyone across Scotland, and is a critical asset for a wellbeing green recovery.

97. Our Housing to 2040 strategy will set out our long-term housing investment plans. It will be a lasting legacy that is not just about new homes, but also takes into account the people, places, environment and communities in which our homes are located. The concept of 'Place' will sit at the heart of this work to secure a well-functioning housing system which supports sustainable communities and provides high-quality and sustainable homes that meet people's needs.

98. We are carefully assessing the outputs from the Housing to 2040 consultation, which concluded on 28 February 2020, alongside our COVID-19 recovery planning to inform our final vision and route map for 2040.

99. We are also taking immediate action to ensure that our housing investment uses a place-based approach:

- We have committed a record investment of more than £3.5 billion in **Affordable Housing** over this parliamentary term, and beyond the current target period, we have provided £300 million interim funding certainty for 2021-22 ahead of the budget later this year, to ensure that affordable homes continue to be delivered.
- We have invested **£150 million in our Building Scotland Fund**, which is supporting housing investments already alongside leveraging significant private finance.
- Once it becomes operational later this year, the **Scottish National Investment Bank** can play an important role, using its capital and mission-based approach to secure investment in high quality housing supply across Scotland.
- We have provided **Emergency Loan Funding to support small and medium-sized home-builders in Scotland** who are experiencing problems with liquidity due to the COVID-19 crisis, in order to safeguard jobs, protect suppliers and help ensure a continued supply of homes.
- We have made a further **£50 million available to the First Home Fund** to further boost support for first time buyers this year and to support the housing market to recover.
- We have also taken action to help buyers and support the housing market by introducing legislation to increase the Land and Buildings Transaction Tax (LBTT) starting threshold to £250,000 (effective between 15 July 2020 and 31 March 2021). Excluding the Additional Dwelling Supplement, this will mean that 8 out of 10 buyers pay no LBTT during this period, whilst reducing the tax for others by £2,100. The change must be approved by the Scottish Parliament to remain in force.

2.5 Investment in a Green, Wellbeing Recovery

100. Investment plays an important role in the economy, stimulating business activity and innovation, delivering public goods like transport infrastructure housing and environmental projects, creating healthy competition, attracting talent and, most importantly, creating jobs. The Advisory Group's report was clear on the importance of investment to our economic recovery.

101. Choosing what we invest in, how we invest and who we attract to invest in Scotland, allows us to choose a green recovery with equality at its heart.

102. As Scotland's new publicly-owned investment institution, the Scottish National Investment Bank will become operational by the end of 2020, working to deliver investment of £2 billion over ten years. Guided by its missions, of which the commitment to net-zero by 2045 is paramount, and in pursuit of a thriving, resilient, Scottish economy, the Bank will build a strong bridge between public and private investment and contribute to the coherence of financial investment and other public policy action.

103. In our work to support recovery, we will look to the Bank to take up its central role in the architecture of economic development in Scotland with respect to investment. Its net-zero mission gives it a particularly critical role in green recovery. Working in partnership with others, the Bank can play an important role as a catalyst for the renewal and realignment of existing agencies and other players as actors in delivering the necessary economic stimulus. As it develops and expands its functions over time, it will become the primary source of public investment in commercial propositions in Scotland – whether that be investment into small or medium-sized enterprises or long-term patient capital projects.

104. From first functioning, the Bank will be looking to crowd-in investment, including through attracting private sector co-investment in individual investments. The Covid-19 crisis has served to strengthen the case for it to acquire the ability to leverage its balance sheet, and so deliver greater impact, as soon as practicable. It should work to achieve this within five to seven years. In creating the Bank, we are creating an organisation that is intended to be active in the Scottish economy for many decades to come.

105. Investment in infrastructure offers opportunities to boost inclusive economic growth and in June, our Economic Stimulus Package announced £230 million of projects this year, in construction, low carbon, digitisation and business support, providing a flow of work for businesses and supporting jobs.

106. In September, we will publish the details of our next five-year Infrastructure Investment Plan. The plan will focus on three strategic outcomes that sit at the heart of our Wellbeing Economy: boosting inclusive economic growth; building sustainable places; and enabling the transition to net zero emissions and environmental sustainability.

107. Our upcoming Capital Investment Plan, to be published later this year, will provide a strategic approach to delivering more effective leverage of private investment into projects to provide public good and an acceleration of private sector investment.

108. While there is a clear green thread to all of our spending, we have made some specific commitments in our Climate Change Plan. In our next update (due late 2020), we will set out climate and nature investments to help stimulate demand, jobs and supply chains. Stakeholders, including the Committee on Climate Change and CERG, have noted the role

public sector investment can play in providing market certainty and unlocking private sector investment. Our investment will aim to maximise these cross-cutting benefits.

109. Our Green Investment action includes:

- Delivering an additional **£2 billion fund of additional capital investment over the next Parliamentary term** to be spent on delivering a green recovery and accelerating our transition to net zero.
- Allocating more than £198 million to our **domestic and non-domestic energy efficiency programmes** this year to improve energy efficiency and reduce emissions from our homes and buildings.
- Expanding our key low carbon heat and energy efficiency programmes – including the **Low Carbon Infrastructure Transition Programme and Energy Efficient Scotland** – ready for significant upscaling of heat in buildings, energy efficiency and low carbon infrastructure investment over the next decade. Not only will this transform our homes and buildings so that they are warmer, greener and more efficient, but it will support a significant number of jobs right across Scotland.
- A commitment to launching a **Green Investment Portfolio**, identifying £3 billion of investable projects over the next three years.
- Setting out a **Heat Decarbonisation Policy Statement** and updated **Energy Efficient Scotland Route Map** from the end of this year setting out a clear pathway for transforming the way we heat our homes and buildings, including reducing the demand for heat through energy efficiency measures.
- Continuing to support hydrogen demonstration projects. We expect to see hydrogen projects come forward and feature strongly within the £62m **Energy Transition Fund** initiative. We will publish our Hydrogen Policy Statement & Action Plan this year exploring opportunities for the development of a hydrogen economy in Scotland.
- Supporting our Scottish Energy Advisory Board (SEAB) as a vehicle for gathering and discussing proposals to support a green recovery. We will build on this over the coming months with a view to incorporating into our Energy Strategy refresh in 2021. We will identify green business champions, strong proponents of green recovery plans and investment, to work with us on generating consensus with other business leaders – developing real impetus and practical ideas and collaborations.
- Working with businesses and business organisations to develop net zero transition plans including a toolkit for transition planning. This will help identify and realise opportunities for Scottish businesses from the net zero transition and showcase Scottish business leadership and investment opportunities at COP 26.
- Investing in our natural environment and nature-based solutions as part of underpinning a green recovery and to help address the twin challenges of climate change and biodiversity loss. We will make a transformational change in the scale of **peatland restoration** over the next 10 years, substantial **woodland expansion** and investment in protecting and improving **biodiversity**.
- Continuing the **Woodland Carbon Code and the Peatland Carbon code** – ensuring a carbon standard that builds market confidence in the capacity of natural assets to deliver emissions removals and to lever in additional private finance for woodland creation and peatland restoration, in line with recommendations from CERG.

- Continuing to support Local Authorities to develop and implement flood protection schemes and will look to support future investment in coastal change adaptation measures.
- Continuing to support the **Scottish Forum on Natural Capital** as a means of broadening the understanding and uptake of natural capital concepts and practices across the Scottish economy and undertaking further work on the **measurement of Scotland's Natural Capital**.
- A sectoral plan for offshore wind energy, which will provide the guide for the next round of offshore wind projects to be leased by Crown Estate Scotland through ScotWind.
- Working through a strategic partnership with Scotland's network owners (Scottish Power Energy Networks and Scottish and Southern Energy Networks) to develop a clear, evidence-based set of regulatory requirements which can be put to Ofgem. That work is continuing, and will play a vital part in helping ensure that our energy networks are able to anticipate and respond to the expected growth in demand for electric vehicles and heat pumps - vital to a green recovery and to the decarbonised energy system that will be essential to achieving net zero.

Forestry



Forestry contributes about £1 billion a year to GVA and supports over 25 000 jobs in woodland creation and management, timber transport and processing, and renewable energy. It supports recreation activities and underpins the wider tourism sector. It offers a cost-effective contribution to a low carbon economy through emissions removals and storage (9.5 MtCO₂/year, valued at over £650m/year). It provides a range of natural capital benefits – including flood prevention, water and air quality, biodiversity and health benefits – which support wellbeing across the economy and society. Forestry in Scotland is an exemplar of effective partnership between public and private sectors. The scale and diversity of national forest estate managed by Forestry and Land Scotland (FLS) helps underpin inward investment by the private sector and delivers a wide variety of public benefits, while the support for woodland creation (£53.8 million in 2020-21) delivered by Scottish Forestry (SF) is enabling the private sector to expand at an increasing rate, from 12,000 Ha this to 15,000 Ha per year by 2025. To create employment opportunities SF and FLS, are doubling the employment opportunities for young people, demonstrating commitment and leadership which private sector companies can build on, given suitable support, to increase employment for new entrants.

Aquaculture



We also recognise the benefits of encouraging sustainable growth of Scottish aquaculture with due regard for the environment as a way of boosting economic prosperity, contributing to global challenges by delivering low carbon, nutritious animal protein and adding value to supply chains that support often highly skilled jobs and much needed investment in Rural Scotland. Scottish aquaculture is an essential component of our rural economy, supporting families and livelihoods in some of our most fragile communities. Along with its wider supply chain, aquaculture contributes £620 million GVA to the Scottish economy, supporting over 12,000 jobs.

For aquaculture, consideration of, and changes to, the regulatory framework involving key stakeholders – regulators, fish farmers and broader NGO interests – have been underway since the Rural Economy Committee report on the sector in late 2018. Further changes to improve those regulatory arrangements are expected soon, in relation to wellboat licensing and clarity of spatial planning for new fish farm developments based on the application of available evidence and continued enhancements in the scientific base through partnership working.

2.5.1 Inward investment

110. Inward Investment has a critical role to play in positioning us to survive and thrive in this changing global environment. The pandemic is predicted to have a major impact on the flow of foreign direct investment. UNCTAD forecasts global inward investment flows will fall by 30-40% in 2020-21.¹⁶

111. Inward investors to Scotland make a disproportionately positive impact on our economy. Representing just 3% of the business base they account for 34% of employment, 50% of turnover, 63% of business R&D spending and 77% of exports.

112. For the seventh consecutive year, Scotland has reinforced its position as the most attractive location for inward investment in the UK outside of London with a 7.4% increase in projects. Positively, some of this performance can be attributed to increasing numbers of existing overseas companies investing further in Scotland. And there has been evidence of this continuing in spite of the crisis¹⁷.

113. The Scottish Government and our partners have continued to work with our agency partners and existing investors throughout the pandemic and will redouble these efforts as part of Re-shaping Scotland's economy – inward investment agenda.

114. The plan to be published in September, sets out a purposeful, values-led approach to investment, describing how we will work with those investors, new and existing, who share our values of a technologically enabled, net zero economy with the principles of fair work and sustainable, inclusive growth at its heart.

115. Immediate actions include;

- The development of a **national prospectus** that sets out where Scottish advantage meets global opportunity – highlighting our £3 billion Green Investment Portfolio;
- Galvanising all of **Scotland's International Network** to become part of our salesforce; and
- Working with **existing investors to identify scale-up opportunities**.

116. A focus on values-led investment, in particular, around net zero, fair work, sustainable and inclusive growth and a wellbeing economy will ensure a strong and bold prospectus for Scotland. However, the impact of COVID-19 is not the only headwind causing uncertainty and impacting upon investment. BREXIT is also leading to heightened uncertainty for households and businesses. Therefore, it is important to ensure that our approach is globally-focused, and enables Scotland to be internationally competitive and attractive to inward investors.

16 Impact of COVID-19 on Global FDI

17 medical technology company creates 60 new jobs

3. Monitoring Progress towards our Outcomes

117. Delivering wellbeing to the people of Scotland is central to Scotland's National Performance Framework. To understand how well we are performing as a wellbeing economy, we need to ensure we are monitoring more than GDP and headline indicators.

118. In order to capture an assessment of the needs of both current and future generations, we will adopt a four capitals approach to understand how we are impacting on our key economic, human, social and environmental assets, and thereby gain an understanding of the long-term strength and resilience of the economy, environment and society. This approach will help us understand the interconnectedness of the drivers of a wellbeing economy.

119. To support this, we will develop a Wellbeing Economy monitoring framework, based on the National Performance Framework, that will assess how well Scotland performs across the multiple dimensions of wellbeing and whether we are reducing the gaps between groups, as set out in section 2 above. This will provide a detailed understanding not just of how the economy develops and changes as a result of COVID-19 its impact on people's wellbeing and living standards, it will also provide us with a clear and robust measure of the impact of our policies and interventions. We will use this understanding to review and refine our policies to ensure that the actions we take are fully contributing to our longer-term strategic aims

120. Collectively this work will aim to set a clear direction for our economy. It will represent our long-term goals and should provide a framework within which we can make decisions that benefit the wellbeing of all of Scotland's people. The COVID-19 crisis has shown that we can make fundamental changes to how the economy operates and do so in a way that is to the benefit of all.

121. We are presented now with an opportunity to redesign how we think about our economy and what work and wellbeing mean. To achieve meaningful change, we need to work together, that means government and the wider public sector, it means business and trade unions alongside individuals and our communities. Each will have a role to play in this new partnership approach and change will not be immediate but it can be transformational for our economy and the wellbeing of Scotland's people.

Annex: Detailed Response to Recommendations

<p>(1) The UK and Scottish Governments should accelerate the review of the Fiscal Framework. It is vital that the overall funding approach is robust to address economic recovery and is resilient to future economic shocks.</p>	<p>4 Capitals:</p> <ul style="list-style-type: none"> ■ Human ■ Natural ■ Social ■ Economic 
<p>We agree that it is crucial that our overall funding approach is robust to address economic recovery and is resilient to future shocks.</p> <p>We have:</p> <ul style="list-style-type: none"> ■ Set out the need for the UK Government to immediately agree to temporary borrowing flexibilities to allow the Scottish Government to better manage the impact of COVID-19. <p>We will now:</p> <ul style="list-style-type: none"> ■ Develop a programme of analysis and engagement to enhance the wider understanding of the Fiscal Framework and identify further options for reform. <p>We plan to:</p> <ul style="list-style-type: none"> ■ In collaboration with the UK Government, undertake a full review of the Fiscal Framework Review, as quickly as possible. It will be comprehensive, taking into account the views of the Scottish Parliament and other stakeholders. 	

(2) The UK and Scottish Governments should commit to securing significant increase in access to capital investment to support the recovery. This should maintain the Scottish Government's commitment to a Mission to raise infrastructure investment and it is imperative that the Scottish National Investment Bank opens this year.

We fully accept this recommendation, recognising that investment in infrastructure across Scotland will be key to our recovery.

We have:

- Ensured that **Mission Clyde** will use £10 million capital funding during 2020/21.
- Established the **National Infrastructure Mission**, committing to a sustained boost in Capital Investment over the next 5 years.
- Announced a **£230 million Economic Stimulus Package** of capital funding to help stimulate the economy.

We will now:

- Publish our **Infrastructure Investment Plan** in September, setting out our strategic plans for investing in infrastructure which will be key to our green wellbeing recovery. This Plan will be dedicated to boosting inclusive growth, building sustainable places and tackling the climate and nature crises.
- Allocate £2 billion of new capital funding over the next Parliament to deliver **low carbon and natural infrastructure**.

We plan to:

- Ensure that the **Scottish National Investment Bank** is key to our ambitions for investment in Scotland. We are continuing to make rapid progress ahead of the Bank's opening later this year. Legislation to underpin the establishment of the Bank was passed unanimously by the Scottish Parliament in January, the Chair-designate and Chief Executive are now in place, and further recruitment is underway.

NPF outcomes:

- Economy
- Communities



4 Capitals:

- Economic



(3) The economic development landscape in Scotland should pivot to a more distributed regional model in order to address the specific new challenges of economic recovery. This model should be tasked to drive delivery of, especially the City-Region Growth Deals.

We agree that it is necessary to ensure economic development has a place-based regional focus at its heart.

We have

- Undertaken joint development work across the Enterprise and Skills system, Local Government and Business Gateway to create a **single digital platform** to provide business advice and support as required to different types and sizes of business right across Scotland. The beta version of the website launched in December 2019 and findbusinesssupport.gov.scot is now providing key information and advice to businesses to help them restart and recover from COVID-19.
- Recently provided £2.1 million of funding through **South of Scotland Economic Partnership** to support economic development across Dumfries and Galloway and the Scottish Borders, part of the £20 million invested in the region over two years to establish the South of Scotland Enterprise Agency and support local projects.
- Established the new **South of Scotland Enterprise Agency (SOSE)**, launched in April 2020, to work with the people and communities across the South of Scotland to establish the region as a centre of opportunity, innovation, and growth. SOSE has committed just over £2.7 million over five years to support a new tourism, marketing and destination development programme. This complements the ongoing specific regional role of Highlands and Islands Enterprise.

We will now

- Recognising that needs and opportunities are varied across Scotland, work with **Scottish Enterprise (SE)** to support their shift to a more bespoke, regionally-focussed approach across the SE area by the end of 2022, with SE continuing to provide business and economic development support across its own area as well as pan-Scotland services and international activities such as leading on trade and investment.
- Flex our £1.9 billion investment to the **City Region and Regional Growth Deal** programme, in response to the pandemic. We have recently announced investment of £50 million each in the future **Falkirk Growth** and **Islands Growth Deals** to support the priorities of regional partners

NPF outcomes:

- Economy
- Communities
- Fair Work & Business



4 Capitals:

- Economic
- Social



<p>(3) The economic development landscape in Scotland should pivot to a more distributed regional model in order to address the specific new challenges of economic recovery. This model should be tasked to drive delivery of, especially the City-Region Growth Deals.</p>	
<p>We plan to:</p> <ul style="list-style-type: none"> ■ Through Regional Economic Partnerships, work closely with local government, our Enterprise Agencies and other key economic actors, including the private sector, to take a focussed, ‘taskforce’ approach to driving place based recovery and renewal. We will look to private sector players to play a strong leadership role in this approach. ■ Through the Business Support Partnerships Programme, continue work to add content to and enhance the digital platform, growing the numbers of partners who are providing help and advice to Scotland’s businesses and simplifying the customer journey ■ Build on our collaborative working with local government on the economic response to COVID-19 and work with CoSLA to co-produce a partnership approach across the business support and economic development landscape so that our collective knowledge, expertise and resources delivers maximum impact. 	
<p>(4) The Scottish Government should build its professional capability to manage ownership stakes in private businesses, which are likely to arise out of the crisis. This should not require new legislation, nor a new public sector organisation.</p>	<p>NPF outcomes:</p> <ul style="list-style-type: none"> ■ Economy ■ Fair Work & Business ■ International
<p>We agree that we need to build upon our experience through development of the Scottish National Investment Bank and our shareholder roles in respect of a number of businesses.</p> <p>We have:</p> <ul style="list-style-type: none"> ■ Refocused the Banking and Economy Forum and increased the regularity of meetings to ensure there is close collaboration between the Scottish Government and the financial services sector in addressing the economic challenges posed by COVID-19. We have discussed how businesses, impacted by the pandemic, can be recapitalised also continued to engage with the UK Government on this. <p>We will now:</p> <ul style="list-style-type: none"> ■ Establish a short life working group to scope out the capability that may be required to manage these stakes in Scotland and consider the optimum delivery model. The working group will be led by the Scottish Government but will draw on independent expert advice. <p>We plan to:</p> <ul style="list-style-type: none"> ■ Report findings and recommendations of the working group in autumn 2020. 	 <p>4 Capitals:</p> <ul style="list-style-type: none"> ■ Economic 

(5) Banks should develop new instruments to enable the strategic incubation of otherwise viable and strategically important companies to ensure they are protected during the recovery phase. The Scottish Government should use its convening power to co-ordinate approaches to different sectors of the economy, in close liaison with financial services institutions, sectoral organisations and the enterprise bodies.

The Scottish Government agrees that working with banks and the investment community to support strategically important companies across Scotland is vital in current circumstances.

We have

- Recognised the challenges for individual businesses and their lenders and have called on the UK Government to agree a **National Debt Plan** to provide support to businesses, households and the banking system as the economy recovers by managing debt over a longer time period.
- Used the strategic **Banking and Economy Forum** to engage with banks at the most senior levels. This enables us to work closely with the sector for the benefit of the Scottish economy.
- Continually promoted and defended the interests of the Scottish economy in discussions with the UK Government. This includes ensuring that policy on the development of new financial instruments reflects the specific needs of Scottish economic sectors and businesses.

We will:

- Continue to **work with financial institutions and the investment community** – through fora such as the Banking and Economy Forum – to co-ordinate the different approaches needed to support our economy as COVID-19 impacts arise.

We plan to:

- Undertake work with the banks to ensure that we understand in detail the **impacts of the pandemic on specific localities and sectors**, and that we are able to tailor support to those needs.
- Continue to **influence the banks to take responsibility** and play a key role in responding to economic pressures as they emerge.

NPF outcomes:

- Economy
- Fair Work & Business



4 Capitals:

- Economic



(6) Scottish Enterprise and VisitScotland, with the support and active engagement of the Scottish Government, must develop a strong and bold prospectus for Scotland on available investment opportunities, recognising the substantial, twin shocks of the pandemic and leaving the European Union. This will require a focus on opportunity areas and deployment of its international presence to maximum effect.

The Scottish Government fully accepts these recommendations and will continue to engage with and support our agencies to do this.

We have:

- Continued to work with our agencies to **engage proactively with existing inward investors into Scotland** throughout the crisis, supporting them as important employers in the Scottish economy and continuing discussions with potential investors to bring new jobs into the economy.
- Revisited our **analysis mapping** Scotland's strengths to current and projected global inward investment flows to identify future growth sectors in light of the twin challenges of COVID-19 and BREXIT. External analysis by global organisations such as UNCTAD, EY and Wavteq, support our analysis, identifying sectors such as energy, digital financial services and healthcare as more resilient to these challenges.
- Set out **Scotland's Tourism Strategy: Scotland – Outlook 2030**, launched in March this year which has now been reviewed with revised outcomes to reflect the significant impact that the pandemic has had on the sector in Scotland, especially in rural and island areas.
- Established the **Scottish Tourism Recovery Taskforce**, with investment being a key theme of its approach. It will report in September.

We will now:

- Publish **Re-shaping Scotland's Economy – Inward Investment Agenda** in September. The plan, co-produced with agency partners, is focused on Scotland's key areas of opportunity to drive investment and deliver jobs in green, net zero, digital and high value manufacturing and will be underpinned by a national prospectus to showcase our capability to the rest of the world.
- Work to position Scotland better internationally seeking additional support to **Scotland is Now** to strengthen Scotland's brand value in international markets, thereby supporting both inward investment and exports.

We plan to:

- Continue to develop our strategic approach to trade as a tool to support Scotland's wellbeing economy and will refresh **A Trading Nation** to give focus and advice to exporters facing the concurrent challenges of COVID-19 and BREXIT.

NPF outcomes:

- Economy
- Fair Work & Business
- International
- Culture



4 Capitals:

- Economic
- Social



(7) The Scottish Government and the business community should take urgent action to develop a new collaborative partnership on the strategy for Scotland's economic recovery.

We agree that the economy will thrive best where there is effective and supportive action-orientated relationships between business, government and the wider public sector.

We have:

- Through Scottish Government Ministers and officials and many business interests, already engage extensively through advisory groups, **Industry Leadership Groups** and the **National Economic Forum**.
- Worked intensively in partnership with **manufacturing supply chains** to develop Scotland's **Personal Protective Equipment (PPE)** and testing capabilities, increasing self-sufficiency of these supply chains in Scotland.
- Championed Scottish investment projects through our £3 billion **Green Investment Prospectus**.
- Put in place an additional £38 million support package for early stage businesses, to be implemented by **Scottish Enterprise** in partnership with private investors and other partners.
- Funded the **Scottish EDGE** competitive model of entrepreneurial development and support, working in partnership with the Hunter Foundation, Entrepreneurial Scotland and a range of private sector partners from the entrepreneurial ecosystem in Scotland
- Provided funding to help support the **Scale Up Scotland** programme, to boost the number of business of scale in Scotland. Led by the Hunter Foundation, the scheme provides practical and relevant learning for high growth potential entrepreneurs.
- Funded the **Unlocking Ambition** programme to provide financial support and intensive training and mentoring to develop early stage businesses with the greatest growth potential.
- Through a **strategic partnership with Scotland's energy network owners** developed a clear, evidence-based set of regulatory requirements. This will play a vital part in helping ensure that our energy networks are able to anticipate and respond to the expected growth in demand for electric vehicles and heat pumps.

We will now:

- **Invite business and other leaders to provide constructive challenge and support across the Scottish Government** to ensure the design and delivery of key policies takes account of the needs and priorities of businesses and opportunities for economic benefit. Each business leader will work with the most senior leaders in the Civil Service on a small number of specific policies to drive change.
- Work with business bodies to agree a **new compact with and for business**. This will set out our shared values and aims, and provide clarity, commitment and accountability on mutual policy engagement and approach.
- Take steps to change our culture through **inward and outward secondments** from business.

NPF outcomes:

- Economy
- Fair Work & Business



4 Capitals:

- Economic



<p>(7) The Scottish Government and the business community should take urgent action to develop a new collaborative partnership on the strategy for Scotland's economic recovery.</p>	<p>NPF outcomes:</p> <ul style="list-style-type: none"> ■ Economy ■ Fair Work & Business   <p>4 Capitals:</p> <ul style="list-style-type: none"> ■ Economic 
<p>We will now:</p> <ul style="list-style-type: none"> ■ Develop and deliver sector recovery plans working collaboratively with ILGs, trades unions and other. Starting with the construction sector working group these plans will outline immediate, short, medium and long term priorities that will be focussed on delivering the wellbeing economy. ■ Develop a plan to champion and enhance the role of SMEs and their engagement with opportunities across the Energy and Oil and Gas sectors through the Oil and Gas and Energy Transition Strategic Leadership Group, working alongside wider industry, public partners and the Trade Unions. <p>We plan to:</p> <ul style="list-style-type: none"> ■ Co-produce and deliver a programme of collaborative and focused projects to be taken forward over the next 3 to 9 months – including joint work to mitigate the business impacts of any local lockdown measures and the risk of a second wave. ■ Issue guidance to all public bodies and agencies to encourage them to strengthen their relationship with business. ■ Increase private sector representation on public body and agency boards. 	

(8) The Scottish Government, regulatory bodies and local authorities should review their key policy, planning and consenting frameworks, especially for key infrastructure investments such as marine renewables, to accelerate projects.

We recognise that improvements can always be made to our policy, planning and consenting frameworks.

We have:

- Continued to **develop regulatory approaches** across a range of sectors, for example in marine renewables and heat networks, where we recognise that achieving net zero emissions by 2045 will require a step change in the pace and scale of off shore developments.
- In the **Scottish Government's Energy Consents Unit**, made a number of changes over the last 12 months to streamline processes.
- For **aquaculture**, made consideration of, and changes to, the regulatory framework involving key stakeholders – regulators, fish farmers and broader NGO interests – since the Rural Economy Committee report on the sector in late 2018.

We will now:

- Carry out a **comprehensive review of national planning policies and the extension of permitted development rights**, removing the need to apply for planning permission for priority areas of development, to support economic recovery. We will consult on detailed proposals in the autumn and lay regulations in Parliament later this year.
- Explore options to **alleviate planning restraints , build capacity and deal more quickly with complex applications**.
- Publish a **Digital Planning Strategy** in November followed by a Programme launch in the New Year which will kickstart a five-year transformation programme to deliver digital tools to realise benefits across business, infrastructure and utility providers, public sector organisations and communities.
- Develop **Scotland's 4th National Planning Framework** (NPF4), providing an opportunity to signal regulatory support for national developments and will finalise our position statement on this in the autumn. The revision of the NPF4, incorporating the Scottish Planning Policy, is ambitious and wide ranging, and a significant opportunity to ensure that a wellbeing economy is embedded across all national planning policies.
- Commission a suite of research projects for **Carbon Capture, Utilisation and Storage** (CCUS), including on regulatory mapping, that will help shape policy to support the development of new CCUS infrastructure.
- Finalise changes to improve regulatory arrangements for aquaculture in relation to **wellboat licensing** and clarity of spatial planning for new **fish farm developments**.
- Examine the scope for making changes to regulatory processes around **marine renewables** developments – at both strategic and operational levels – through consultation with stakeholders, to provide an improved service through additional resourcing secured from enhanced recovery of costs.

NPF outcomes:

- Economy
- Environment
- Communities



4 Capitals:

- Economic
- Social
- Natural



(8) The Scottish Government, regulatory bodies and local authorities should review their key policy, planning and consenting frameworks, especially for key infrastructure investments such as marine renewables, to accelerate projects.

We will now:

- Through our ground-breaking **Heat Networks Bill**, we are creating a regulatory framework for the development of district and communal heating systems in Scotland. The framework draws on successful approaches in Europe, in creating the supportive and bespoke approach needed to deploy these schemes which will be key in meeting Scotland's net-zero targets.
- Work through a **strategic partnership with Scotland's network owners** (Scottish Power Energy Networks and Scottish and Southern Energy Networks) to develop a clear, evidence-based set of regulatory requirements to put to Ofgem to support a green recovery and transition to a net zero energy system.

We plan to:

- Launch a **call for evidence** to take views from our partners across the economy on how we can further improve our approach to regulation to make it more responsive to feedback from those who are affected.
- **Continuously review consenting frameworks** for marine renewables to look for opportunities for further simplification and improvements while ensuring protection for our marine environment and the ecosystem services that current and future generations can benefit from our marine environment.
- Establish **regulatory and licencing frameworks for CCUS** in co-ordination with the UK Government and seek clarity from the UK Government on CCUS business models, which is needed soon to deliver industry confidence in investment decisions.

NPF outcomes:

- Economy
- Environment
- Communities



4 Capitals:

- Economic
- Social
- Natural



(9) The Scottish Government should deploy its expanding tax powers and business support interventions to enable economic recovery. This should include targeted use of rates relief to incentivise economic recovery and greater use of conditionality in business support, building on the experience of the Business Pledge and Fair Work First.

We broadly accept the need to align support with our long-term climate, economic, social and environmental goals.

We have:

- Through **Fair Work First**, rewarded and encouraged employers who commit to adopting fair working practices by attaching fair work criteria to grants, other funding and public contracts awarded by and across the public sector. Fair Work – as defined by the Fair Work Convention – is deliberately broad and non-specific, recognising the diverse make-up of Scottish businesses; attaching fair work criteria enables employers to adopt fair work practices to meet the needs of the business and its workers. The Fair Work First criteria aligns with the Scottish Business Pledge.
- Explored domestic and international approaches to applying “**green**” **conditionality**, noting that the term encompasses a broad range of approaches and interventions and that there are significant risks of unintended consequences (as well as legal and technical/operational challenges).

We will now:

- Engage with the Fair Work Convention, to progress the implementation of **Fair Work First**, applying Fair Work criteria to as many grants, other funding and contracts awarded by and across the public sector by May 2021 (in line with the implementation plan); and build on the progress made to this point to further extend Fair Work First from 2021-22. As part of this we will review the Fair Work First criteria to strengthen our focus on creating more diverse and inclusive workplaces and on ensuring effective voice for workers.

We plan to:

- Continue to explore the role for bespoke approaches that link business support with climate change objectives, building on our experience with Fair Work and emphasising the need to work in partnership with businesses.
- Prioritise action to **address workplace equalities** to ensure those who face particular barriers in the labour market, including people from minority ethnic backgrounds, disabled people, women and older workers, benefit from fair and equitable access to jobs and sustained employment.

NPF outcomes:

- Economy
- Environment
- Communities
- Fair Work & Business



4 Capitals:

- Economic
- Social
- Natural



(10) The UK and Scottish Governments should mobilise investment in Scotland's digital infrastructure, covering broadband and mobile networks, to build resilience and enhance exports.

This recommendation aligns with our existing strategic digital connectivity priorities, reflecting the pivotal role that digital connectivity has played throughout the pandemic.

We have:

- Established the **Logan Review**, to consider how we can stimulate and accelerate the maturity of Scotland's "Technology Ecosystem", in a way that supports and nurtures technology businesses in Scotland, from the early start-up phase through to fully scaled maturity.
- **Supported the work of the health and emergency services**; for example, digital connectivity infrastructure was provided quickly by both Openreach and Vodafone to support the NHS Louisa Jordan hospital on the SEC Campus ahead of its rapid construction.
- Invested £600 million to extend broadband infrastructure via the **Reaching 100% programme** that will ensure every home and business in Scotland can access superfast speeds.
- Invested £25 million via the **Scottish 4G Infill Programme** to build new masts in selected mobile 'not-spots'.
- Established the **Scotland 5G Centre**, which is developing further projects to improve rural connectivity.
- Committed £5 million to the **Connecting Scotland** programme to provide devices, data, skills training and technical support to people on low incomes and digitally excluded who are at high or very high clinical risk from COVID-19.

We will now:

- Update our **Digital Strategy**, which will set our infrastructure ambitions within the wider context of aims to transform the delivery of digital public services, establish common operating platforms and bridge skills and education inclusion gap.

We plan to:

- Work with **Scottish Futures Trust** to lead the development of Scottish Government's strategy with the datacentre and international connectivity industry to encourage new investment in sustainable Scottish data hosting facilities.
- Develop service offers on the **Internet of Things (IOT) networks** to stimulate demand and support uptake.
- Work with telecoms operators and key stakeholders to proactively **investigate barriers to telecoms deployment**.

NPF outcomes:

- Economy
- Communities
- Fair Work & Business



4 Capitals:

- Economic
- Social



(11) The Green economic recovery is central to recovery overall. The Scottish Government now needs to establish a priority on delivering transformational change with clear sector plans, where the coincidence of emissions reductions, the development of natural capital and job creation are the strongest.

We welcome this recommendation as a positive contribution to ensuring that our recovery drives progress towards a sustainable net zero, circular economy and other environmental objectives as part of a green economic recovery.

We have:

- Established the £62 million **Energy Transition Fund** in June, which recognises and supports the transformational changes needed in businesses in the oil, gas and energy sectors over the next five years as they grow and diversify and will help attract private sector investment in the region.
- Invested £230 million in our **Economic Stimulus Package**, which included £66 million to kick-start our green recovery, including £7 million to equip buses for physical distancing and the return to work.
- Increased our funding for domestic **energy efficiency schemes** this year to £162 million and over £38 million for our non-domestic programmes.
- Due to the impact of the COVID-19 pandemic, we have reset the **Heat Transition Deal** as our key mechanism for supporting the short term re-start of low carbon heat activity as well as the development of a longer pipeline of projects for investments in future years with £70 million of capital funding calls planned this year.
- Expand our key **low carbon heat and energy efficiency programmes** – including the Low Carbon Infrastructure Transition Programme and Energy Efficient Scotland – ready for significant upscaling of heat in buildings, energy efficiency and low carbon infrastructure investment over the next decade. Set out a clear plan for eliminating emissions from heating our buildings, including challenging the UK Government to move faster and support delivery.
- We have allocated more than £198 million to our domestic and non-domestic energy efficiency programmes this year to improve energy efficiency and reduce emissions from our homes and buildings.
- Set out the **Energy Efficient Scotland** and the **Low Carbon Infrastructure Programme**, which are delivering measures to support the development of a supply chain in Scotland.
- Invested £30 million in the **Spaces for People** initiative for temporary walking and cycling routes which enables physical distancing when using active travel during the pandemic.
- Continued use of the **Woodland Carbon Code** and the **Peatland Carbon code**, to ensure a carbon standard that builds market confidence in the capacity of natural assets to deliver emissions removals and to lever in additional private finance for woodland creation and peatland restoration

NPF outcomes:

- Environment
- Economy
- Communities
- Fair Work & Business



4 Capitals:

- Natural
- Economic



(11) The Green economic recovery is central to recovery overall. The Scottish Government now needs to establish a priority on delivering transformational change with clear sector plans, where the coincidence of emissions reductions, the development of natural capital and job creation are the strongest.

We will now:

- Launch our **Green Investment Portfolio**, identifying £3 billion of investable projects over the next three years.
- Continue to make substantial investments in **woodland expansion** and investment in protecting and improving biodiversity.
- Work with our Local Authorities, to use our **'Green Growth Accelerator'** to unlock additional investment for infrastructure projects that support the transition to a net zero emissions economy and help transform our cities and regions
- Continue to support Local Authorities to develop and implement **flood protection schemes** and will look to support future investment in **coastal change adaptation measures**.
- Work with businesses to develop net zero transition plans including a toolkit for transition planning, helping to identify opportunities from the net zero transition.
- Work with our **Scottish Energy Advisory Board** (SEAB) to identify green business champions to work with us on generating consensus with other business leaders on green recovery plans and investment – developing real impetus and practical ideas and collaborations.
- Continue to support **hydrogen demonstration projects** and we expect to see hydrogen projects come forward and feature strongly within the £62m **Energy Transition Fund** initiative.

We plan to:

- In line with our Just Transition approach and the **Climate Change Plan update** being developed for December 2020, include clear sector policy plans and pathways to net zero.
- Develop a plan to support SMEs in their engagement with opportunities across the Energy and Oil and Gas sectors through the Oil and Gas and Energy Transition Strategic Leadership Group, working alongside wider industry, public partners and the Trade Unions.
- Set out a **Heat Decarbonisation Policy Statement** and updated **Energy Efficient Scotland Route Map** from the end of this year setting out a clear pathway for transforming the way we heat our homes and buildings, including reducing the demand for heat through energy efficiency measures.
- Expand our low carbon heat and energy efficiency programmes – including the Low Carbon Infrastructure Transition Programme and Energy Efficient Scotland – ready for significant upscaling of heat in buildings, energy efficiency and low carbon infrastructure investment over the next decade to transform our homes and buildings so that they are warmer, greener and more efficient.
- Publish our **Hydrogen Policy Statement & Action Plan** this year exploring opportunities for the development of a hydrogen economy in Scotland.

NPF outcomes:

- Environment
- Economy
- Communities
- Fair Work & Business



4 Capitals:

- Natural
- Economic



<p>(12) The financial services sector and the Scottish Government should develop and promote nature-based investments to protect and enhance Scotland's natural capital. This should include the development of financial solutions to fund forestry and other nature – based solutions, including agriculture, and should be accompanied by the development of a Scottish Natural Capital Census.</p>	<p>NPF outcomes:</p> <ul style="list-style-type: none"> ■ Environment  <p>4 Capitals:</p> <ul style="list-style-type: none"> ■ Natural 
<p>We are committed to expanding the delivery of nature based solutions in Scotland.</p> <p>We have:</p> <ul style="list-style-type: none"> ■ Through Scottish Forestry spent a record £53.8 million on forestry in 2020-21 to support the sector, and lever additional private investment in nature-based solutions. ■ Committed to invest £250 million in transformational peatland restoration over the next 10 years. <p>We will now:</p> <ul style="list-style-type: none"> ■ Launch our Green Investment Portfolio, identifying £3 billion of investable projects over the next three years. ■ Continue to make substantial investments in woodland expansion and investment in protecting and improving biodiversity. <p>We plan to:</p> <ul style="list-style-type: none"> ■ Continue to develop our work on measurement of Scotland's Natural Capital, engaging with our partners to explore the best options for natural capital assessment, including the exploration of a Natural Capital Census, to ensure that impacts on our natural assets can be better taken into account in decision making. 	

(13) The tourism and hospitality industries should work in partnership with the Scottish Government to develop a sustainable future strategy; the Scottish Government should consider a targeted reduction in business rates to support the sectors' recovery; and it should press the UK Government to consider a reduction in VAT for the sectors.

We agree that it is very important to work with the tourism and hospitality sectors to ensure that they are able to recover from this crisis.

We have:

- Delivered an overall package of **£2.3 billion of business support** to Small and Medium Enterprises, of which these sectors have benefited the most. As part of above, delivered **Non-domestic rates (NDR)** relief, including a 100% relief for properties in retail, hospitality, leisure and aviation.
- Offered the most **competitive NDR relief package** in the UK for a number of years and the lowest poundage for 95% of properties.
- Established the **Tourism Recovery Taskforce** which will focus on three key areas: Recovery, Investment and Stimulating Demand – reporting in September 2020.
- Set up a £14 million **Hotel Recovery Programme** which will help to secure up to 3,000 jobs at Scotland's larger hotels until the start of the summer 2021 tourism season.
- Through VisitScotland, delivered £1 million in **grants to self-catering businesses** to support them through the winter season.

We will now:

- Enact **Scotland's Tourism Strategy: Scotland – Outlook 2030** which was developed in full collaboration with the visitor economy agencies and industry. It has an overarching aim of becoming the leader in 21st Century tourism, with a focus on wellbeing, climate and wider sustainability.

We plan to:

- Continue to **press the UK Government's Tourism Ministers' Group** for a longer term and more comprehensive solution to VAT within these sectors. Whilst the current reduction in VAT for parts of the tourism and hospitality sector is welcome, it is short term and selective in nature, missing out some parts of the sector

NPF outcomes:

- Economy
- Fair Work & Business
- Culture
- International



4 Capitals:

- Economic



(14) Given the contribution of the arts, culture and creative sector to Scotland's economy and its social capital, and the nature of its workforce, the Scottish Government should protect and adapt strategically important cultural infrastructure, should work with the sector to increase public and private investment; and should consider the creation of a National Arts Force.

We accept this recommendation and recognise that the arts, culture and creative sector will make a significant contribution to Scotland's social and economic renewal.

We have:

- Provided **funding to supported creative practitioners** through schemes such as – Creative Scotland Bridging Bursary Fund, Creative Scotland Open Fund, Screen Scotland Bridging Bursary and Creative, Tourism and Hospitality Enterprises Hardship Fund.
- Launched a new £4 million **Museums Resilience and Recovery Fund** for the independent museums sector to support the return of staff from furlough and the wider reopening of museums and galleries.
- **Supported our Museums and Galleries** through our Museums Galleries Scotland (MGS) Urgent Response Fund and the Digital Resilience Fund.
- Provided a targeted £10 million **Performing Arts Venues Relief Fund** to help venues who cannot reopen to their audiences yet.
- Welcomed **£97 million of funding** from the UK Government for the culture, creative and heritage sectors. We will work in collaboration with our partners and the recently-established National Partnership for Culture to develop the resilience and diversity of the sector.

We will now:

- Develop plans – consistent with the aims and ambitions of the **Culture Strategy for Scotland** – to ensure future investments in infrastructure and workforce development focusing on improving diversity in the sector and deepen engagement with those who need additional support to participate in the social and cultural life of their communities.
- Create a “Culture Collective” (building on the proposal for a **National Arts Force**), which will also support the industry, by providing opportunities and finance through commissioning freelance artists to perform in other situations whilst their traditional venues remain closed.
- Work with the recently-established **National Partnership for Culture** which will play a key role in facilitating and developing an inclusive, sector-wide approach to implementing these recommendations.

We plan to:

- Pilot and evaluate more strategic and sustainable approaches to funding for culture and the arts, in line with the Advisory Group recommendation and those from **A Sustainable Funding System for the Arts in Scotland 2019**.
- Work with artists and practitioners across the sector to ensure they can contribute to this activity

NPF outcomes:

- Economy
- Fair Work & Business
- Culture
- International
- Communities



4 Capitals:

- Economic
- Social



(15) The Scottish Government should accelerate its work on reforming adult social care; and should urgently review the structure, funding and regulation of the sector to ensure its sustainability and quality going forward. The review should address workforce issues, including the Fair Work Convention's 2019 report on the sector; and should recognise and support the contribution of unpaid carers.

We welcome this recommendation, and the recognition that adult social care support is an investment in Scotland's people, society and economy.

We have:

- Launched the joint Scottish Government/COSLA **Reform of Adult Social Care Programme** last year.
- Through our **Fair Work in Social Care Group**, continued to take forward the recommendations in the Fair Work Convention report into Social Care, published in February 2019.
- Supported the implementation of the **Carers Act**.

We will now:

- Use lessons learned from existing work on reform of adult social care, along with the **review of progress with integration of health and social care** and the issues that have been highlighted during the pandemic to inform our approach.
- As confirmed by the Cabinet Secretary for Health and Sport in May consider **fundamental changes to the way in which social care support** is provided within Scotland.

We plan to:

- Enhance and accelerate the **Social Care Programme** as a whole, which contains an explicit focus on realising the vision for unpaid carers to be regarded and supported as equal partners in care, alongside how social care support is understood and valued, how it is funded and paid for, and what models of care we need in Scotland and how they are delivered.
- Progress our work in the **Gender Pay Gap Action Plan** to develop an approach to treat investment and childcare and social care as economic infrastructure, as part of recognising the value that care – paid and unpaid – plays in both our economic and social wellbeing.

NPF outcomes:

- Communities
- Human Rights
- Health
- Poverty
- Fair Work & Business



4 Capitals:

- Economic
- Social



(16) The Scottish Government should take immediate action to protect underpin the capacity and financial sustainability of the third sector, in recognition of its important role in building and strengthening social capital. It should examine the scope for longer-term funding arrangements for services; more flexible and collaborative approaches to procurement; and new ways to incentivise private investment in the sector.

We recognise that the third sector is a significant contributor to a wellbeing economy as profit is recycled into communities and social capital is increased by its operation. Building on the positive community led response through the COVID-19 pandemic and improving resilience in our Third Sector will be key to achieving a sustainable wellbeing economy.

We have:

- Set up the **Third Sector Resilience Fund** which has provided over £22 million financial support and advice to third sector organisations who would otherwise have succumbed to income and cash flow issues now and in immediate future.
- Engaged with Third Sector organisations, funded through the **Attainment Scotland Fund**, to deliver summer learning and support programmes, including Young Scot, Youth Link Scotland and Children’s University, all of which are helping to support the most disadvantaged children in our society.
- Continued to provide targeted support to enable the increased participation of local businesses, including the Third Sector. We will continue to fund the **Supplier Development Program** and look to it to expand its role to target the development of local market capability; signposting other sources of support for bidders, including supplier toolkits and guidance.

We will now:

- Work with partners to develop a new **Third Sector Recovery Programme** combining investment with enhanced business support to help the sector adapt to new ways of working.
- Set up a new **Due Diligence** support service across Scottish Government to ensure all portfolios can support the third sector as a major contributor to policy outcomes.

We plan to:

- Consult through the **Procurement Supply Group** on which small businesses and Third Sector are represented; undertake a targeted supplier survey on the impact of procurement; and introduce new targeted questions in the annual Small Business Survey to inform market-friendly approaches.

NPF outcomes:

- Economy
- Fair Work & Business
- Communities



4 Capitals:

- Economic
- Social



(17) The Scottish Government should support a renewed focus on place-based initiatives, building on the lessons from initiatives on Community Wealth-Building. It should accelerate investment in housing, through the Scottish National Investment Bank.

Scottish Government is committed to the Place Principle. The Place Principle states that we need to work collaboratively, work with communities, work with everything at our disposal, and work towards the most relevant outcomes for that place.

We have:

- Committed to supporting **Community Wealth Building** as a means to drive inclusive economic growth and wellbeing.
- Secured the part-time **secondment of the Chief Executive of the Centre for Local Economic Strategies** to help further our ambitions around Community Wealth Building.
- Committed £3 million to an innovative **Community Wealth Building pilot** through the Ayrshire Regional Growth Deal, due to commence in early 2021.
- Committed £1.9 billion to **City Region and Regional Growth Deals** and associated investments building our cultural, transport, digital, industrial and community infrastructure. We work with regional partners to invest in their local priorities. We are working with the Equality & Human Rights Commission (EHRC) to ensure that these substantial place-based investments deliver inclusive and sustainable growth, including for under-represented, disadvantaged and deprived communities.
- Supported **Regional Economic Partnerships** (REPs) to ensure regions across Scotland can leverage key strengths and competitive advantages to provide a strong platform around which to build and align economic recovery and renewal plans across functional economic geographies such as housing and labour market areas.
- Provided £2 million for towns and **Business Improvement Districts**, in addition to the £1 million Resilience Fund announced in March and the £50 million 2019-20 Town Centre Capital Fund.
- Committed £3.5 billion for **Affordable Housing** over this parliamentary term, and beyond the current target period, we have provided £300 million interim funding certainty for 2021-22 ahead of the budget later this year, to ensure that affordable homes continue to be delivered.
- Invested £150 million in our **Building Scotland Fund**, which is supporting housing investments already alongside leveraging significant private finance.
- Provided **Emergency Loan Funding to support small and medium-sized home-builders in Scotland** who are experiencing problems with liquidity during the crisis
- Made a further £50 million available to the **First Home Fund** to further boost support for first time buyers this year and to support the housing market to recover.
- Put forward legislation to increase the **Land and Buildings Transaction Tax** (LBTT) starting threshold to £250,000 for transactions with an effective date between 15 July 2020 and 31 March 2021.
- Set out the **Transport Transition Plan**, which outlines the actions taken by Transport Scotland to support our transport system during the crisis.

NPF outcomes:

- Economy
- Fair Work & Business
- Communities
- Poverty



4 Capitals:

- Economic
- Social



(17) The Scottish Government should support a renewed focus on place-based initiatives, building on the lessons from initiatives on Community Wealth-Building. It should accelerate investment in housing, through the Scottish National Investment Bank.

We will:

- Continue to invest in regional interventions such as those related to **Energy Transition in the North East** and around Grangemouth and in making an initial investment of £10 million in **Mission Clyde** in 2020/21 as a first step in a long term plan and commitment to make the Clyde an engine of sustainable and inclusive growth for the city, the region and Scotland, working with our partner agencies and the business community to coordinate investment and activity in order to maximise opportunities.
- Ensure that such opportunities are embedded in the wider work of our **Regional Economic Partnerships**, helping them to maximise the regeneration and economic impact
- Ensure that the **Town Centre Fund** supports place-based investment, alongside undertaking a review of **Town Centre Action Plan** due in December 2020.
- Take forward delivery of the **National Islands Plan** which sets out our ambitions, objectives and strategies for improving outcomes for our island communities.
- Expand the **Productivity Club Pilots**, in collaboration with SCDI, to establish three new pilot in the North-East Scotland, Highland and the South of Scotland, alongside the continued development of the Edinburgh and Glasgow Pilots.
- Maximise the contribution that public authorities can make to the four capitals through the **strategic interpretation of procurement**, and ensuring we continue to play our part in maximising the economic impact of public procurement in terms of Place-based approaches as one of our core broader commitments to Community Wealth Building.
- **leverage the full procurement rules** to exploit opportunities that will support economic recovery, making it easier for local businesses to bid for and win contracts and maximising support for critical local supply chain development and resilience within the current rules.
- strengthen our partnership working and engagement with stakeholders (buyers and suppliers) through, for example, our **Procurement Supply Group** that comprises business and third sector representatives. This work will be informed by a supplier survey to help us understand the challenges that suppliers face. We will publish the results of the survey and the findings will inform our next steps.
- Promote and deliver scaled and market-friendly approaches to procurement that consider the capacity of sectors restarting post-COVID; using simplified procurement processes; and ensuring that local businesses, including the Third Sector, are aware of opportunities and more able to respond.
- Maximise the opportunities for local suppliers and the Third Sector. We will continue to fund the **Supplier Development Programme** and explore options to increase capability and capacity to develop and grow local markets,
- Work with public authorities to broaden and advance the impact of the **Sustainable Procurement Duty** within the Procurement Reform (Scotland) Act 2014.
- Publish research carried out on the impact of the Sustainable Procurement Duty within the **Procurement Reform (Scotland) Act 2014**, and committing to responding to its findings to support our ambitions for public procurement and maximise its impact for the benefit of people and communities across Scotland.

NPF outcomes:

- Economy
- Fair Work & Business
- Communities
- Poverty



4 Capitals:

- Economic
- Social



<p>(17) The Scottish Government should support a renewed focus on place-based initiatives, building on the lessons from initiatives on Community Wealth-Building. It should accelerate investment in housing, through the Scottish National Investment Bank.</p>	
<p>We plan to:</p> <ul style="list-style-type: none"> ■ Set out our long-term housing investment plans in our Housing to 2040 strategy. ■ Work with the Scottish National Investment Bank where they invest in housing to align activity and maximise impact. The Bank will be able to use its capital and mission-based approach to secure investment in high quality housing supply across Scotland. ■ Introduce Regional Land Use Partnerships from 2021, to maximise the contribution Scotland's land plays to meeting climate change goals. 	
<p>(18) The Scottish Government and local authorities should assess the impact of learning loss and ensure that pupils are fully supported as schools return, in order to mitigate the risk of reduced educational attainment, particularly among disadvantaged groups.</p>	<p>NPF outcomes:</p> <ul style="list-style-type: none"> ■ Children & Young People ■ Education
<p>Closing the poverty-related attainment gap is a defining mission of this Government and COVID-19 has not undermined this commitment.</p> <p>We have:</p> <ul style="list-style-type: none"> ■ Invested £182 million through the Attainment Scotland Fund helping support Local Authorities and schools to support our most disadvantaged families and to make adjustments to existing plans to be delivered as schools return. ■ Announced a further £135 million over the next 2 years in additional funding to help the return to school and tackle any loss of learning. ■ Delivered summer learning and support programmes, helping to support the most disadvantaged children in our society ■ Invested £9 million in 25,000 laptops (with internet access) for disadvantaged children to support learning outside school. <p>We will now:</p> <ul style="list-style-type: none"> ■ Continue to deliver our £30 million commitment to support digital inclusion in addition to allocating £100 million to support opening of schools and recovery plans, <p>We plan to:</p> <ul style="list-style-type: none"> ■ Scope out and implement an equity audit with partners to help inform our understanding and future priorities to improve attainment in Scotland. ■ Continue to work with all partners through the Scottish Attainment Challenge to close the attainment gap 	<p>4 Capitals:</p> <ul style="list-style-type: none"> ■ Human ■ Social



(19) The business community should work with the Scottish Government and the enterprise bodies to accelerate the embedding of Fair Work principles, in context of changes to the workplace and to working patterns. This could cover the shift in experience and attitude to flexible and home working which has been accelerated by the pandemic, and the concerns about precarious and “gig economy” work.

We fully accept the need for the business community to continue to work with us and our enterprise agencies embed our Fair Work principles as set out in the Fair Work Convention’s Fair Work Framework.

We have:

- Published, with the Scottish Trade Union Congress (STUC), COSLA, Scottish Council for Voluntary Organisations (SCVO), the Institute of Directors and Scottish Council Development & Industry – a refreshed **Statement of Fair Work Practices** to guide employers in engaging with their workforce and trade unions to ensure workers are treated fairly and equitably as business and other organisations re-start and the economy re-opens.
- Published, as part of our collection of guidance to businesses and employers on safer workplaces, **guidance on homeworking**.
- In partnership with the Hunter Foundation, provided funding for **Flexibility Works** to support and promote the development of flexible and family friendly workplaces. This includes offering vital advice and support to business and organisations to respond to the COVID-19 crisis.

We will now:

- Assess the scope for the establishment of a **Centre for Workplace Transformation** in conjunction with SDS, trade unions, business, enterprise agencies and further and higher education establishments, aimed at aimed at improving business performance, productivity, innovation, Fair Work, workforce resilience and worker wellbeing.

We plan to:

- Consider the role a Centre for Workplace Transformation might play, the value it can add to the labour market landscape in Scotland, and how it could be delivered. Identify an appropriate body to carry out the feasibility planning and deliver recommendations for an effective way forward.

NPF outcomes:

- Economy
- Fair Work & Business



4 Capitals:

- Human
- Social
- Economic



(20) The Scottish Government should refocus its skills strategies to address the risks of unemployment, recognising the importance of high participation sectors, and of improving the provision of lifelong learning to enable people to reskill.

We welcome the focus given by the Advisory Group on skills in our economic recovery.

We have:

- Focussed on improving the provision of lifelong learning and enabling people to reskill with it being one of the key themes at the heart of the **Future Skills Action Plan**.
- Been engaging with Skills Development Scotland, other agencies and key stakeholders to collaboratively review current interventions against emerging **labour market intelligence**.
- Launched a targeted **Individual Training Account (ITA)** programme, for individuals who have become unemployed and those earning £22,000 or less including currently furloughed workers.
- Doubled investment in workforce upskilling and retraining through the **Flexible Workforce Development Fund (FWDF)** and established a framework for revised delivery so it benefits more employers and individuals across Scotland.

We will now:

- Ensure that our skills response builds on the work already in development to identify and plan for the skills and jobs needed for key transitions in the future, including the **Climate Emergency Skills Action Plan**. This will ensure jobs created in response to COVID-19 are sustainable, support a just transition to net zero and help us to achieve our inclusive growth ambitions.

We plan to:

- Introduce a **Transition Training Fund** as a flexible, mechanism to support individuals facing redundancy and unemployment in those sectors most exposed to a downturn. This will provide opportunities to upskill and transition into employment in sectors with continuing skills gaps/growth opportunities and to support our transition to net zero.
- Work with delivery agencies, partners and stakeholders to evaluate FWDF, ITAs and other current skills interventions to ensure alignment and effectiveness. As set out in the **Future Skills Action Plan**, we are committed to developing a culture of collective investment in skills and will continue to play an active role in workforce development.
- Support entrepreneurs with sustainable, high growth potential through the delivery of the new second round of the **Unlocking Ambition** programme. We will provide grant funding with intensive wraparound support for early stage growth potential businesses, with a focus on low carbon.
- Build Scotland's reputation as a career destination and implement overseas skills recognition process for Scotland. Detailed design of the talent attraction service for Scotland and delivery of priority activities from the **Talent Attraction and Retention Plan**, developed collaboratively with Skills Development Scotland (SDS), our enterprise agencies, COSLA and Brand Scotland.

NPF outcomes:

- Economy
- Fair Work & Business
- Education
- Poverty
- Communities
- Children & Young People



4 Capitals:

- Human
- Social
- Economic



(21) The Scottish Funding Council and the Scottish Government should protect universities and colleges from the financial impact of the crisis, so that they can maintain and enhance their role as “anchor institutions” and take decisive steps to align their teaching and learning provision, including postgraduate skills training, to meet business and employer needs; and to focus their support for research investment and growth.

We accept this recommendation, and have been working with the Scottish Funding Council (SFC), the sectors and their representative bodies, since the beginning of the pandemic to address existing resource constraints within the system and the scale of the external shock caused by COVID-19.

We have:

- Announced an additional **£75 million of funding** for university research to help Scottish universities protect their research and innovation base in the short term.
- Commissioned the **Scottish Funding Council** to consider ways of achieving sustainable, coherent provision; defining desired outcomes for fundable bodies; reviewing funding options for learning and teaching; as well as for supporting research and knowledge exchange.

We will now:

- Take forward the actions on our **Sustainability Plan** for colleges and universities to address existing resource constraints within the system and the scale of the external shock caused by COVID-19.
- Work with the SFC to maximise the contribution of existing post graduate programmes and assess the breadth and impact of university business focussed partnerships, such as **The Future Made for Success** initiative, set up by Heriot-Watt University.

We plan to:

- Take forward the outcomes of the **SFC Review** into achieving sustainability within the sector.

NPF outcomes:

- Economy
- Education
- Children & Young People



4 Capitals:

- Human
- Economic



(22) Skills Development Scotland and the Scottish Funding Council should collaborate with colleges, universities and businesses to prioritise apprenticeship training; and should respond to youth unemployment with a flexible learning response. This should include further development of Graduate Apprenticeships and online learning.

We accept this recommendation as apprenticeships remain a core part of our skills offer and we have consistently met targets year on year. We agree there is a need for working together with SDS and SFC to respond to the problem of rising youth unemployment.

We have:

- Continued to invest in **Foundation and Graduate Apprenticeships** – which play a central role in providing opportunities for many of Scotland’s school leavers and young people to help offset rising youth unemployment.
- Worked with the sectors, Education Scotland and the Quality Assurance Agency (QAA) in support of an expanded, high quality and consistent online learning and training experience to meet the volume and demand for online learning caused by COVID-19.

We will now:

- Seek to embed **Foundation and Graduate Apprenticeship** places as part of our wider college and university provision.
- Work with our colleges in support of further prioritisation, and ensure the best utilisation of our skills budget, including the Flexible Workforce Development Fund in support of greater on-line training provision.

We plan to:

- Together with the SFC, **make recommendations for achieving future sustainable, coherent provision**; defining desired outcomes for fundable bodies for 2020-21 and beyond; reviewing funding options for learning and teaching; and supporting research and knowledge exchange.

NPF outcomes:

- Economy
- Education
- Children & Young People
- Communities



4 Capitals:

- Human
- Economic



(23) The business community, with the support of the Scottish Government and in partnership with local authorities, should mobilise urgently to develop a business-led Scottish Jobs Guarantee scheme. This would respond to the likely increase in unemployment among young people and the serious, generational challenge that this represents for our country.

The Scottish Government accepts the need to develop a business led Scottish Jobs Scheme.

We have:

- Announced the **Scottish Jobs Guarantee**, which will be developed in partnership with employers, local authorities, third sector and youth work organisations, to ensure an equitable offer to all young people, and significant employer engagement to ensure a broad range of opportunities for young people.
- Published, as part of our collection of guidance to businesses and employers on safer workplaces, **guidance on homeworking**.
- Invested £5 million in **Parental Employability Support Fund** to help low income parents into and progress in work in 2020/21

We will now:

- Invest at least £50 million in measures to support Youth Employment, including the **Scottish Job Guarantee**. This will build on the UK Government Kickstart scheme and Developing the Young Workforce and will include co-creation of employment strategies for young people in our rural and island communities.
- Increase investment in activity to support older people back into work through our **Transition Training Fund** and **increasing investment in Partnership Action for Continuing Employment** (PACE) to support those who are made redundant and continue to support those most disadvantaged in the labour market through our all-age **No One Left Behind** approach.
- Extend **Fair Start Scotland** services for a further two years to March 2023 providing support for unemployed people with disabilities, health conditions and other barriers to moving into fair and sustained work.

We plan to:

- Continue to work closely with partners including employers, Local Government, the Department for Work and Pensions, SDS, Developing the Young Workforce (DYW) Groups, the Third Sector, trades unions and other providers to ensure we provide a wide range of opportunities to support people back into work.
- Engage employers to promote the positive benefits of providing more job opportunities for young people.

NPF outcomes:

- Economy
- Fair Work & Business
- Communities
- Children & Young People



4 Capitals:

- Economic
- Social



<p>(24) To promote an approach to economic policy that values all of Scotland's assets, the Scottish Government should consider adopting a Four Pillars framework in forming its future economic strategy, and reporting against it.</p>	
<p>We fully accept this recommendation and we are developing a cross-government framework, using Scotland's National Performance Framework, to track progress towards our outcomes and developing the four capitals approach to ensure we take a longer-term view and are able to join up effectively across Government noting the inter-dependencies across the social, economic, human and natural capital. The 'four capitals' approach to our economic recovery seeks to ensure we invest in, preserve and grow our natural, human, social, and economic capital in a way that delivers sustainable outcomes for the wellbeing of our future generations.</p>	
<p>(25) To create momentum and build confidence, the Scottish Government should set out its response to the proposals in our report by the end of July, and should publish regular updates on its recovery plan.</p>	
<p>We accept this recommendation, and have published our response to the proposals at the beginning of August to ensure a robust and full recovery plan is in place. Going forward we will also publish regular updates to ensure that the recovery plan is progressing.</p>	

(NEW 26) In considering our response to the Advisory Group recommendations, we recognise the Group's consideration of tackling inequalities as being key to our economic recovery. The Scottish Government recognises the necessity of embedding an Equalities and Human Rights approach across our policy thinking and development for economic recovery and renewal. Although not an explicit recommendation, we consider this to be sufficiently important to warrant an explicit commitment as part of our response.

The Scottish Government is committed to integrating an equality and human rights approach to our policy and decision-making processes to ensure our approach to recovery is fit for purpose.

We have:

- Announced that a new **Scottish Government Directorate of Equality, Inclusion, and Human Rights** will be established, which will help to raise the status of the government's work on embedding equality and human rights in our work and to build an even greater regard for equality across society.
- Committed to continuing to uphold the principles of human dignity, autonomy, respect and equality, as we deal with the pandemic and its consequences, with our **Framework for Decision Making** set out seven core principles across all our work, including 'Fair and ethical' at the heart of our approach.
- Established the **COVID and Ethnicity: Expert Reference Group** to ensure that we have an accurate understanding of the impact of COVID-19 on minority ethnic communities in Scotland, and that our policy responses reflect this, and the **Social Renewal Advisory Board** which has been tasked with developing new policy proposals at pace to help renew Scotland, putting equality, social justice and human rights at the heart of our recovery.
- Acted to provide support to those groups and communities that need it most, via our £350 million **Community Support Fund**.
- Paid for **minority ethnic older people to receive hot meals** and have provided increased funding for **Age Scotland's national telephone helpline**.
- Translated all public health information into **British Sign Language** and ensured interpreters are at key briefings.
- Funded **Young Scot** to help provide information and social media support for young people;
- Provided specific advice and funding for the Gypsy/Traveller community to ensure their needs are met during this emergency, including specific funding for **essential sanitation facilities for Gypsy/Traveller families**.
- Provided an additional £1.35 million to **Scottish Women's Aid** to support service redesign, expand National Helpline capacity and provide support for vulnerable women and children.

(NEW 26) In considering our response to the Advisory Group recommendations, we recognise the Group's consideration of tackling inequalities as being key to our economic recovery. The Scottish Government recognises the necessity of embedding an Equalities and Human Rights approach across our policy thinking and development for economic recovery and renewal. Although not an explicit recommendation, we consider this to be sufficiently important to warrant an explicit commitment as part of our response.

We will now:

- Establish a **Centre of Expertise in Equality and Human Rights** to work across the Economy portfolio within Scottish Government. This will: further develop our understanding and evidence base on equality and human rights and the economy; ensure we identify and capitalise on opportunities to advance equality and human rights consistently across our programmes; and build wider capacity to embed skills and understanding across our teams.
- **Ensure that equality and human rights are embedded within the monitoring framework** that will sit behind our economic recovery plan, including a clear focus on data for those groups that we know have been hardest hit (particularly older and younger people, women, disabled people, and minority ethnic communities; and crucially the intersections between these groups).
- Continue to work closely with the **Equality & Human Rights Commission** to ensure that our city deals and growth deals target improvements in outcomes for under-represented, disadvantaged and deprived communities. We are taking steps to make the achievement of equality goals more explicit in our grant conditions.

We plan to:

- Establish a short-life **Ministerial Working Group** to maintain momentum and ensure these ambitions are delivered, supported by a senior leadership group of officials (chaired by Director General Economy) who will be responsible for ensuring that equality and human rights are embedded within individual programmes and policies.



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