

Report of the Advisory Group on Economic Recovery - June 2020

The independent group advising the Scottish Government on post-Covid 19 economic recovery reported on 22 June. The group was led by Benny Higgins, former CEO of Tesco Bank.

The group had been asked to recommend solutions:

- to ensure transition towards a greener, net zero and wellbeing economy, and;
- to address the challenges faced by different sectors of the economy in recovering from the pandemic.

This briefing provides a summary of the recommendations. Some of these are in line with the calls made by UNISON in its submission to the Advisory Group, which you can read in full [here](#).

The Advisory Group's full 77 page report is available [here](#). The Scottish Government will publish its response to the report by the end of July 2020.

Overall approach

The report warns against a repeat of the austerity forced upon the public sector after the banking crash. However it also makes clear its view that there will be a "constrained fiscal environment" in the period ahead and that a further squeeze on public spending is likely, "which will reduce the state's ability to meet needs".

It talks positively about a resilient wellbeing economy, usually understood as one that is organised around meeting people's needs. However the report's focus is firmly on growth. It sees the private sector as where jobs will be created, with overseas inward investment playing a role in this.

The role of national and local government is to provide the stimulus for economic activity by providing low cost funding for business and infrastructure investment, and by creating the conditions for private enterprise to thrive. It is recommended that the Fiscal Framework be adjusted so as to maximise the scope for public investment. The Scottish National Investment Bank is urged to get up and running quickly this year and be ready to begin issuing bonds to raise additional capital.

There is no mention of direct interventions by the public sector to create jobs and stimulate local economic activity. However a much closer relationship between the private sector and government is urged, for which new national arrangements are proposed. There is no mention of trade union expertise or involvement, or of the need for tri-partite relationships.

The Care Sector

The report calls on the Scottish Government to urgently review the structure, funding and regulation of the care sector to ensure its sustainability and quality. It says the review should address workforce issues, including the findings of the Fair Work Convention's 2019 report, and also recognise and support the contribution of unpaid carers.

While appreciating how precious a function the social care sector provides, the report emphasises the financial value of the sector to the Scottish economy, and the need for a sustainable business model for care providers.

Fair Work and Workplace Innovation

The report recommends that collectively bargained Fair Work Agreements should be put in place in the social care sector, and in the hospitality sector, with a view to concluding Agreements within a year (by June 2021).

These Fair Work agreements will be the first to be developed by relevant employers and unions. They are the result of reflection by the Scottish Government on how to address the precarious work and poor working conditions and practices, which the pandemic has highlighted in many sectors.

It also recommends that a new Centre for Workplace Transformation be established, by the end of 2020 to speed up the embedding of Fair Work principles in the economy. This should be developed by Skills Development Scotland in partnership with enterprise agencies, further and higher education, business organisations and trade unions.

Housing

Housing investment is seen as playing an important role in economic recovery, by supporting jobs, and contributing to social and climate change goals.

The Scottish Government is asked to accelerate investment in housing, especially affordable housing, in rural and urban areas. The Scottish National Investment Bank is seen as playing a key role, but the Scottish Government is also asked to “use its funding interventions to leverage private finance wherever possible.” This has implications for the proportion of social housing which will be built, the tenure for which there is the greatest need.

Education and ‘Learning Loss’

To avoid any long term disadvantage due to the loss of learning during the pandemic, it is recommended that schools identify the group of pupils who have fallen furthest behind during the lockdown. Schools, it is said, will need to take targeted and urgent action to help these children to catch up. This is seen as inevitably requiring extra resource in qualified teachers (or teaching time).

The report calls for schools, local authorities, and the Scottish Government to assess and address the financial implications of the additional efforts required. The report makes no reference to additional resource in the form of teaching support staff.

Universities and Colleges

The Scottish Government and the Scottish Funding Council are asked to protect the higher and further education sectors from the financial impact of the crisis. The combined deficit of the 18 universities is expected to be around £450-500m. Bridging support will be necessary to prevent some institutions from collapse.

It is recommended that universities and colleges take decisive steps to align their teaching provision to meet business and employer needs. They are envisaged as playing a major role in helping to re-skill people made unemployed.

Online learning is expected to become the norm in higher and further education, as is greater collaboration between universities and other parts of the education sector to ensure students have access to courses.

The report recommends that a priority be placed on apprenticeships, including graduate apprenticeships, with two years of their delivery taking place at college. It also recommends a flexible response be prepared in anticipation of rising levels of youth unemployment.

Jobs Guarantee

A Jobs Guarantee Scheme for young people aged 16-25 years is proposed. The proposal is for secure employment for at least 2 years paid at the Living Wage, with access to training and apprenticeships, and with the possibility for progression. This will be led by the business community in partnership with local authorities, and supported by the Scottish Government.

Planning and regulation

The report calls for all levels of government and regulatory bodies to review their policy, planning and consenting frameworks so that planning processes can be speeded up. It recommends extra capacity be developed within the Scottish Government, but makes no recommendations to address the resourcing of local authority planning departments.

‘Conditionality’

The report recommends greater use of conditions, such as the Fair Work criteria, in return for business support and funding during the recovery. This is a step in the right direction.

Targeted use of rates relief to stimulate recovery is recommended, a measure likely to have a negative impact on local authorities.

Economic development

Scottish Enterprise should be restructured along regional lines to support the City Region Deals and the regional Growth Deals and regional economic partnerships strengthened. The under-resourcing of local authority economic development functions is noted but no solution recommended.

Digital delivery of public services

The urgent delivery of new fibre infrastructure is recommended, alongside action to improve digital inclusion. The report calls for measures to be accelerated to provide vulnerable elderly people with digital skills training.

The development of home-working as the norm, alongside online delivery of public services is regarded as important for the country’s economic competitiveness.

Green economic recovery

The Scottish Government is asked to develop sector plans, concentrating on those sectors where there is greatest opportunity to reduce emissions and create jobs. It endorses the six principles for a resilient recovery set out by the [Committee on Climate Change](#).

The Third Sector

The Government should take action to protect the sector. 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.

For more information please contact UNISON’s Bargaining and Campaigns team by emailing [Stephen Low](#) Policy Officer.

