

Scottish Government Post-COVID Economic Recovery Plan – August 2020

The Scottish Government published its [plan](#) for post-COVID economic recovery on 5 August.

The plan was informed by [advice and recommendations](#) from an independent group appointed by the Government and led by Benny Higgins, former CEO of Tesco Bank. A UNISON e-briefing on this is available [here](#).

The Scottish Government has accepted the Group's advice and recommendations in full.

Whilst there are some worthwhile proposals within the plan, overall this roadmap for recovery should be of huge concern to UNISON branches.

The Government has accepted in full Benny Higgins' vision of a **business driven** rather than a service-driven recovery. This will have drastic repercussions for public services, which are regarded as having no part to play, other than to support and facilitate private enterprise. There is no mention of public sector job creation or utilising the Scottish Government's powers to intervene in the economy to protect or create jobs. The vision of an economy in which public ownership and direction are used to drive green industrial development that communities will secure benefit from has been rejected. There are references to creating a 'wellbeing economy', 'green recovery' and 'community wealth building' but they have little substance attached.

The Scottish Government has accepted a plan for recovery in which a cheap labour force is delivered through work schemes to supply a business sector provided with tax cuts. In this scenario investing in public services, other than education does not feature a priority.

The problem is that this national economic recovery plan sets the template for the regional and local recovery plans now being developed by City Regions and Regional Growth Partnerships. UNISON branches must be ready to argue the case for an economic recovery based on investing in retaining and expanding local services. This 'foundational economy' approach is essential: there can be no sustainable recovery without it.

Regional and local economic recovery plans are being drawn up now. Where public services feature at all these are likely to be biased in favour of infrastructure projects. We must ensure that acknowledging the economic role of protecting existing jobs is a priority for local authorities, city regions and enterprise companies in the period ahead.

Private sector involvement in government

In response to lobbying by business organisations, the recovery plan involves private sector representatives being placed *inside* government to directly shape government policy and ensure that both the design and **the delivery** of key policies "takes better account of the needs and priorities of business and opportunities for economic benefit." The national interest and business interests are seen as one and the same. Business representation on public body and agency boards will also be increased.

The Scottish Government has involved business figures in its work for some time.¹ However the recovery plan represents a step change in this. Business leaders will be seconded into government to work directly on policy making, with outward secondment of civil servants into the private sector. It is stated that “each business leader will work with the most senior leaders in the Civil Service on a small number of specific projects to drive change”.² Every crisis is an opportunity and viewed within a UK context, these changes have the potential to threaten areas of service provision currently retained within the public sector in Scotland but already privatised elsewhere, such as health and education.

The Care Sector

The Higgins report recognises the economic size of the care sector (£3.8bn per annum). The Scottish Government response promises reform but offers no specifics. Incredibly, an attempt appears to be made to cast emergency NHS intervention in private care homes in a positive light: “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.”³

The recovery plan simultaneously affirms adult care as a business and a key part of the economy, yielding significant economic return,⁴ whilst also referring to investment in care services as a part of our essential infrastructure. However it commits only to “*explore options*” to treat investment in childcare and social care as infrastructure” and “explore” new delivery models in sectors that have been highlighted during the pandemic, such as social care cooperatives.⁵

UNISON’s alternative: resilient services in a resilient economy

UNISON supports the Scottish Government’s call for a much greater fiscal stimulus at UK level, and for economic stimulus to be prioritised over debt reduction. We also support the call for the Scottish Government to have greater borrowing powers. However it is crucial that government spending is targeted at areas where it can stimulate the maximum economic activity, while also reducing inequality and helping the country decarbonise.

In our [submission to the Higgins Review](#) in June, UNISON Scotland argued for our economy to be rebuilt around core essential activities: housing, utility supply, health, transport, education and care. Investing in these benefits local economies, is redistributive and so narrows inequality, and strengthens social resilience. Directing public spending into these areas will put people to work quickly, performing useful, necessary work in quality jobs, generating a positive indirect effect on employment and turnover in local businesses, and returns to the government in taxation.

UNISON branches must continue to argue the case for this service-driven recovery and build the alliances that are necessary to fight for jobs and communities.

Action for branches

UNISON branches need to:

1. Ask about the effect on local economic recovery and demand an economic impact assessment for any proposed redundancies, including the indirect effect on local businesses.
2. Ensure public sector jobs and job creation are central to the economic recovery plan for your area and that Council leaders take action to prioritise these in regional recovery plans.

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

¹ Most recently responsibility for the development of the Jobs Guarantee scheme for young people has been given to Sandy Begbie of Tesco Bank (previously Standard Life and RBS).

² p.22

³ p.20

⁴ p.29

⁵ p.28 This is in reference to the Scottish Government Gender Pay Gap Action Plan 14.