

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	15 September 2020
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Scottish Government's Economic Recovery Implementation Plan and Addressing Labour Market Emergency
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1. Purpose of Report

1.1. The purpose of the report is to: -

- ◆ provide a summary of the Scottish Government's Economic Recovery Implementation Plan and Addressing Labour Market Emergency
- ◆ set out next steps in consideration of these documents

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

(1) the contents of the report be noted.

3. Background

- 3.1. The Scottish Government established an Advisory Group on Economic Recovery in April 2020. It was asked to provide expert advice on Scotland's economic recovery once the immediate coronavirus emergency had subsided. It was tasked with providing advice to the Scottish Government on actions that will make a difference to businesses across sectors and regions throughout Scotland. The Advisory group report Towards a Robust, Resilient Wellbeing Economy for Scotland was published on 22 June 2020.
- 3.2. At the same time, the Scottish Government also asked for a sub-group of the Enterprise and Skills Strategic Board to be set up to consider what practical actions can be implemented quickly to not only help keep people in employment, but also support those either facing the threat of redundancy or who have already lost their job. The group was asked that specific attention should focus on how to support young people and those who are about to enter the labour market for the first time. The sub-group report on 'Measures to Mitigate the Labour Market Impacts from COVID-19' was published on 3 July 2020.
- 3.3. The Scottish Government has published its Economic Recovery Implementation Plan on 5 August 2020 in response to the work of the Advisory Group on Economic Recovery referred to above. In addition, the Scottish Government also published on 5 August 2020 its response to the Enterprise and Skills Strategic Board's report, 'Addressing the Labour Market Emergency'.

- 3.4. Taking the two documents together, the Scottish Government views the coronavirus crisis as an opportunity to re-imagine Scotland and create a fairer, greener, more equal society and a wellbeing economy. It has stated that this needs to be a jobs focused recovery. It has also made a further commitment to embed equalities and human rights at the heart of its approach to the economy. A summary of the implementation plan (section 4.0) and labour market emergency (section 5.0) is set out in the following sections.

4. The Economic Recovery Implementation Plan

- 4.1. The plan is based around six themes:-

- ◆ Theme 1: Protecting jobs by supporting business recovery and sustainable, green growth – including changes to public procurement and to the planning process
- ◆ Theme 2: Creating jobs through business engagement and a partnership approach
- ◆ Theme 3: Supporting access to good quality jobs through employment, skills and training
- ◆ Theme 4: Boosting local job creation through resilient people, communities and places
- ◆ Theme 5: Creating jobs and a Just Transition through investment-led sustainable growth
- ◆ Theme 6: Monitoring our progress and outcomes

- 4.2. Further details of each of the themes is set out in Appendix 1 with a brief overview provided in the following paragraphs.

- 4.3. The plan aims to re-energise its 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. It aims to work with local government to mitigate the worst impacts of the COVID-19 economic crisis and support recovery which 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. It aims to develop a similar approach to that in the Working Agreement on Employability to business support and economic development to provide a joined-up approach that meets the needs of businesses across Scotland.

- 4.4. It also aims to carry out other work to enable a shift change towards a Wellbeing Economy including exploring new delivery models in sectors that have been highlighted during the pandemic e.g. social care cooperatives and on the Gender Pay Gap 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.

- 4.5. The Government also outlines a wish to accelerate plans for community wealth building as a means of retaining money in local economies and lever the purchasing power of local ‘anchor’ institutions such as local authorities, health care and universities as a means of creating vibrant and sustainable economies.

- 4.6. Work is continuing on developing the Scottish Job Guarantee for young people which is to be a partnership approach and will involve Councils amongst others as well as investment in Partnership Action for Continuing Employment (PACE) and Developing Young Workforce (DYW) which will have implications for Councils. The Scottish Government is also to issue guidance to all public sector bodies and agencies to

encourage them to strengthen their relationships with business, trade unions, the third sector and local government.

- 4.7. Apart from partnership, there is a strong emphasis on place and place-based models of economic development. The Council may need to consider how to ensure that the needs and opportunities of its rural areas both fit into the wider development models and any specific rural initiatives.
- 4.8. As part of its economic recovery, the Scottish Government is committed 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.
- 4.9. The plan does not set out a detailed timetable for taking forward the actions but recognises swift action is required in some areas such as PACE support and youth job guarantees.

5. Addressing the Labour Market Emergency

- 5.1. The response addresses the recommendations made by the sub-group of the Enterprise and Skills Strategic Board (ESSB) across four themes:-
 - ◆ Theme 1: Assistance to support business retention
 - ◆ Theme 2: Assistance for those facing redundancy
 - ◆ Theme 3: Training to enable unemployed people to transition into employment
 - ◆ Theme 4: Helping vulnerable people into employment Assistance to support business retention
- 5.2. Across the four themes, the ESSB set out recommendations for immediate action and point to the need to develop services and increase support available to enable Scotland to respond to the anticipated increase in demand in the coming months as the UK Government Job Retention Scheme (JRS) ends.
- 5.3. In its response, the Scottish Government broadly endorses all of the recommendations and sets out actions already taken, highlights work already underway that responds to the recommendations and actions it plans to take in the immediate future.
- 5.4. The report 'Addressing the Labour Market Emergency' builds on and supports the 'Economic Recovery Implementation Plan'.
- 5.5. Further details of each of the themes and Scottish Government response are set out in Appendix 2.

6. Summary and Next Steps

- 6.1 Much of what is contained in both documents is broadly consistent with existing national and local economic development strategies and can be framed around the themes set out in the Council's existing economic development strategy, Promote:-
 - ◆ People:- skills, learning and employability
 - ◆ Place:- physical infrastructure and place
 - ◆ Business:- business development and growth

- 6.2. As to be expected of documents of this nature that set out a high-level strategic direction, much of the details of implementation measures and timescales are not provided nor details of any financial support that may accompany these. In this regard, it is noted that the Government intends to publish more detailed plans in its Programme for Government (usually in September), its Infrastructure Investment Plan, and its Climate Change update (December 2020). Given that both documents were published on 5 August 2020, officers have not had the opportunity in the preparation of this report to consider in detail their contents or discuss them with the Government or our partners.
- 6.3. Therefore, the next steps for officers, in partnership with economic development agencies (Scottish Enterprise and Skills Development Scotland) and the Scottish Government is to:-
- ◆ understand in detail what these measures means in practice, timescale and what resources will support them
 - ◆ in turn this will then allow for officers to develop a strategy/ delivery plan for the Council/Lanarkshire area through the Lanarkshire Economic Forum. At the same time, it should be recognised that this should be seen in the context of the Glasgow City Region
 - ◆ whilst recognising that there is a desire to move at pace and take short term actions, this should be considered in the knowledge of the likely extent and depth of the economic crisis which will take years to develop and recovery. Therefore, it is important to ensure that our interventions are formulated to develop a robust and resilient economy rather than taking short term measures in partnership with economic agencies

7. General/Other Implications for the Council

- 7.1. The Government's Economic Recovery Plan and Labour Market Emergency documents highlight the important role local authorities will have in supporting the recovery. This activity will require resources and that links to the Economic Development Service: Business Support Proposals, subject of a separate report on the agenda. In terms of skills and employment, there are linkages to the Council's employability programmes.

8. Employee Implications

- 8.1. There are no employee implications from this report at this stage.

9. Financial Implications

- 9.1. There are no financial implications from this report at this stage.

10. Climate Change, Sustainability and Environmental Implications

- 10.1. There are no direct climate change implications as a result of the report. It is worth recognising the importance that de carbonisation and the green economy is given within the national plan.

11. Other Implications

- 11.1. There are no implications for risk in terms of the information contained in this report.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and, therefore, no impact assessment is required.

12.2 There was also no requirement to undertake any consultation in terms of the information contained in this report.

Michael McGlynn
Executive Director (Community and Enterprise Resources)

24 August 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent

Previous References

none

List of Background Papers

- ◆ Economic Recovery Implementation Plan – August 2020
- ◆ Addressing the Labour Market Emergency – August 2020

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Appendix 1: Summary of Themes

THEME 1 - BUSINESS RECOVERY AND SUSTAINABLE GREEN GROWTH

- Supporting recovery through public procurement making it easier for smaller firms to access and compete for public contracts. In terms of specifics, over the next year it plans to:
 - Leverage to the full procurement rules to exploit opportunities that will support economic recovery
 - Strengthen partnership working and engagement with stakeholders (buyers and suppliers)
 - Promote and deliver scaled and market-friendly approaches to procurement that consider the capacity of sectors restarting post-COVID-19 to respond
 - Maximise the opportunities for local suppliers and the Third Sector - 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 and
 - Taking a place-based approach to help deliver Community Wealth Building.
- Better planning and regulation. The 4th National Planning Framework will be brought to the Scottish Parliament in September 2021 which will provide a clear picture of Scottish infrastructure and development priorities. It is also establishing a regulatory framework for district and communal heating systems and aims to work on a clear framework to enable greater scale and speed for wind developments – especially offshore. In terms of specifics, it aims to: -
 - 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. It 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.
- Investing in digital capabilities. It aims to take the following actions to support digital transformation:
 - Progressing the recommendations of forthcoming **Logan Review** on how the technology sector can contribute to economic recovery by elevating Scotland's Technology Ecosystem to a world class level.
 - 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 £600mn 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** through exploring 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'. It is considering extending the current Connecting Scotland programme to others at risk of digital exclusion including working with Education Scotland using E-Sgoil.

THEME 2 - BUSINESS ENGAGEMENT AND PARTNERSHIP APPROACHES

Its 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. In terms of specific actions, its focus is on: -

- Co-producing and delivering a **programme of collaborative and focused projects** to be taken forward over the next three to nine months, and beyond – including 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 and ensuring this initial partnership programme augments existing collaborations such as its work with the Scottish Chambers of Commerce on exports and Developing the Young Workforce and with SCDI on Productivity Clubs and business aspects of NHS Test and Protect
- Forge stronger partnerships with **Industry Leadership Groups** (ILGs), by collaboratively implementing the Enterprise and Skills Strategic Board's recent Review 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)
- 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 increasing private sector representation on public body and agency boards.
- Before it decides on whether to establish a new **Council of Business Advisors** it intends to review and empower, build on, or repurpose existing advisory groups to boost co-production. It also intends to strengthen its partnerships with trade unions
- It aims to re-energise its 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. It aims to work with local government 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. It aims to develop a similar approach to that in the Working Agreement on Employability to business support and economic development to provide a joined-up approach that meets the needs of businesses across Scotland.
- **Scottish Enterprise** is to shift to a more regionally, place focused model for economic development – including work on a rural leadership programme through 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. Guidance will be issued to all public sector bodies and agencies to encourage them to strengthen their relationships with business, trade unions, the third sector and local government.

THEME 3 – EMPLOYMENT, SKILLS AND TRAINING

Its immediate priorities to support the economic recovery requires actions in three key areas of the labour market: (1) support for our young people; (2) support for those made redundant or at risk of job loss; and (3) support for those currently seeking work or who are at-risk of long-term unemployment. This includes: -

- Investment of at least £20mn to support up to 20,000 young people in jobs, through the development of the **Scottish Job Guarantee** to ensure an equitable offer for all young people, increased investment in **Developing the Young Workforce** and providing wraparound support for those on the Kickstart scheme and how to support those not eligible for these schemes.
- Development of 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.
- **Refocusing the skills strategy** with an increased importance on improving access to retraining and upskilling opportunities. 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 and creating a culture of collective investment in Scotland's skills system and developing more opportunities for lifelong learning. It will aim to prioritise investment, innovation, skills and supply chains in support of green jobs.

- 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 £5mn investment in **Parental Employability Support Fund** to help low income parents into and progress in work in 2020/21.
- Initiation of 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

➤ Tackling Inequalities for a Wellbeing Economy.

Health inequalities cannot be addressed through health and social care alone and are themselves primarily manifestations of economic, social, structural and cultural inequalities. Inequalities of outcomes can often stem from existing inequalities, particularly in the early years and through to young adults. In terms of actions it has identified in this area, these include: -

- 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 **Childminding Workforce Support Fund** which will provide grants to childminders to help them adapt to the reality of the virus
- Investing £182mn through the **Attainment Scotland Fund**.
- An additional £100mn 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.
- 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.
- Pressing forward with its work to tackle child poverty through its £50mn **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.
- It also aims to carry out other work to enable a shift change towards a **Wellbeing Economy** including exploring new delivery models in sectors that have been highlighted during the pandemic e.g. social care cooperatives and on the Gender Pay Gap 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.

THEME 4 – RESILIENT PEOPLE, COMMUNITIES AND PLACES.

The AGER was clear in its support for an approach to recovery and economic development that is grounded in local and regional approaches and partnership. Local authorities have a critical role in meeting the needs of communities and in shaping and supporting places and local and regional

economies. The coronavirus crisis has also seen a new and more collaborative and agile way of working between local and national government and our agencies and it wants to maintain and build on that as, together, we look to economic recovery and renewal.

Housing is also seen as a critical asset for a wellbeing green recovery. Its Housing to 2040 strategy will set out its long-term housing investment plans which 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. It will use the results of the consultation on the housing strategy alongside the Covid-19 recovery planning to inform the final vision and route map for housing to 2040.

➤ Place Based approaches to economic development

- Health inequalities cannot be addressed through health and social care alone and in response to the COVID-19 crisis it is working with regional partners to adapt the **City and Growth Deals** programme. It has already enabled Deals in delivery to draw down funding more frequently to aid cashflow; it is speeding up the project development process to ensure money flows out to regional economies as quickly as possible; and it is engaging directly with regional partners to ensure Deal projects and programmes can flex dynamically in response to changed circumstances.

It is also continuing work with the Equality and Human Rights Commission to ensure the Deals investment delivers better inclusive growth outcomes including for underrepresented, disadvantaged and deprived people and communities.

- It will accelerate the implementation of the **Place Principle** 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.
- 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.
- The Scottish Government wants **Regional Economic Partnerships** (REP) to play a strong role in leading regional economic recovery and renewal and will ask each REP to deliver a Regional Economic Recovery and Renewal action plan for doing so. It 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. It 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. These regional 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 and it will work with its Enterprise Agencies to help align these regional plans across Scotland for maximum impact, ensuring that each plan informs others as well as national delivery.

➤ New Approaches to Economic Development and Regeneration

- Acceleration of 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.
- Invest £3mn into an innovative Ayrshire Community Wealth Building pilot commencing in 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.

- Work, as a partner, through the Scottish Cities Alliance (SCA) and with other public and private partners, to help Scottish **cities recover** from the impacts of COVID-19 and realise their full economic potential. In addition, it will support the SCA's renewed focus on achieving the transition to net zero carbon cities.
- An initial investment of £10mn 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.
- Deliver 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 and also deliver the £1mn a year **Climate Action Towns initiative** to help Scotland's small towns play their part in climate action, taking into account differing local circumstances.
- Ensure Colleges and Universities are at the centre of economic recovery, recognising the breadth of their contribution to a skills-led recovery and to community cohesion, teaching, research and knowledge exchange.
- Introduce **Regional Land Use Partnerships** from 2021 and also consider the report of the Scottish Land Commission's **Vacant and Derelict Land Taskforce** on how to bring more land back into productive use.
- Use the **Green Growth Accelerator** project to unlock additional investment for infrastructure projects that support the transition to a net zero emissions economy and help transform our cities and regions.
- Develop a new vision for towns and the means to deliver it following **the Town Centre Action Plan Review**.

➤ Investing in Housing

- It has highlighted a range of actions it has taken to ensure housing investment takes a place-based approach – on affordable housing, emergency loan funding to SME builders, support for first time buyers, funding to lever in private sector support for housing and changes to the Land and Building Transaction Tax.

THEME 5 – INVESTMENT LED SUSTAINABLE GROWTH

The AGER was clear on the importance of investment in the economic recovery. In terms of its actions, it has highlighted: -

➤ Investing in a Green, Wellbeing Economy

- It will look to the **Scottish National Investment Bank** – due to become operational at the end of 2020 - 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. It is to become 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.
- In September the 5-year **Infrastructure Investment Plan** will be produced. The plan will focus on three strategic outcomes that sit at the heart of its Wellbeing Economy: boosting inclusive economic growth; building sustainable places; and enabling the transition to net zero emissions and environmental sustainability
- Its **Capital Investment Plan** will be produced later this year providing a strategic approach to delivering more effective leverage of private investment into projects to provide public good and an acceleration of private sector investment
- The **Climate Change Plan** – due to be updated in late 2020 - will set out climate and nature investments to help stimulate demand, jobs and supply chains as well as the role that public sector investment can play in providing market certainty and unlocking private sector investment.

- Delivering £2bn of additional capital investment over the next Parliamentary term to be spent on delivering a **green recovery** and accelerating the transition to net zero. There are also commitments to a range of programmes related to energy efficiency, energy transition, the natural environment and nature-based solutions as part of a green recovery.

➤ Inward Investment

Inward Investment has a critical role to play in positioning Scotland 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. It is forecasted that global inward investment flows will fall by 30-40% in 2020-21. 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 RandD spending and 77% of exports.

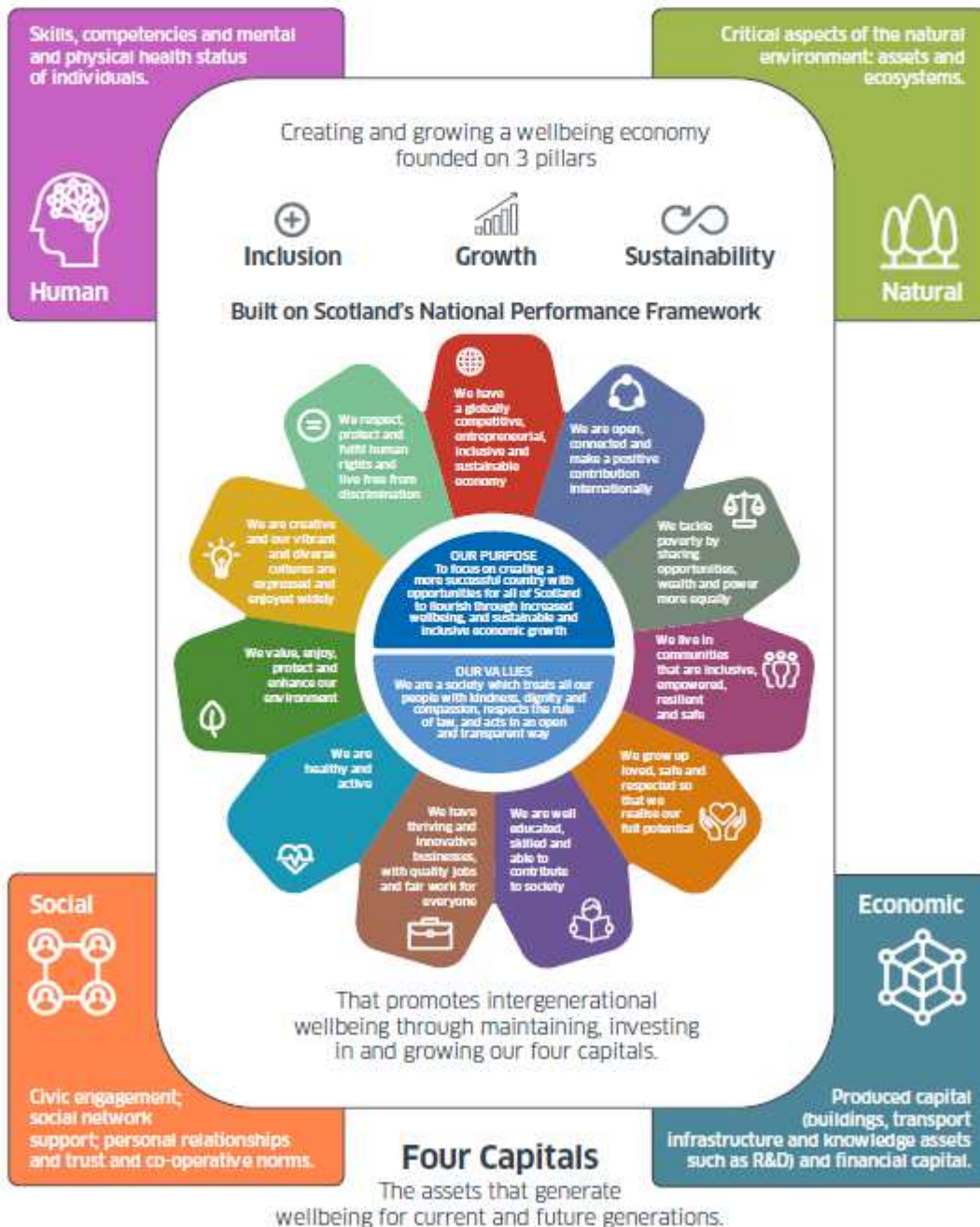
- In September a new **Inward Investment Plan** will be published setting out a purposeful, values-led approach to investment, describing how we will work with those investors, new and existing, who share our values of a technologically enabled, net zero economy with the principles of fair work and sustainable, inclusive growth at its heart.
- Immediate actions include development of a **national prospectus** that sets out where Scottish advantage meets global opportunity – highlighting its £3bn 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**.

THEME 6 – MONITORING PROGRESS

In order to capture an assessment of the needs of both current and future generations, it 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 and it will also develop a Wellbeing Economy monitoring framework based on the National Performance Framework. This is outlined in the following diagram.

Wellbeing Economy Monitor

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



Appendix 2: Four Themes Addressing the Labour Market Emergency

Theme 1: Assistance to support business retention

Addresses the range of business support available through the enterprise agencies and partner delivery bodies such as Business Gateway. Key actions include:

- The £2.3 billion direct package of support for business put in place since April
- The continued development of the findbusinesssupport website and helpline to offer advice on business support
- A £62 million Energy Transition Fund to support businesses in the North East in the oil, gas and energy sectors as they grow and diversify
- Investment to support increased digital capacity in our small and medium sized enterprises (SME)

- The redoubling of efforts through Scotland's export growth plan, 'A Trading Nation' to identify export opportunities.

In the coming months, we will ask our enterprise agencies to work with companies, and partners including local government, to identify what more can be done to maximise the employment impact of services and support, and to take forward action accordingly. We will also work with the enterprise and skills agencies, equality groups and other key partners to initiate early feasibility planning for a Centre for Workplace Transformation.

Theme 2: Assistance for those facing redundancy

Considers the recommendation for an increase in scale and structure of the long established and successful Partnership Action for Continuing Employment (PACE) approach to helping those facing redundancy in Scotland. In July, the Cabinet Secretary for Economy, Fair Work and Culture set out our intention to invest further in PACE, in line with this recommendation.

Alongside this, a Ministerial PACE Activity and Resources Group is working quickly to agree how we will implement change to meet increasing demand for redundancy support as a result of the economic crisis. In the coming weeks and months, we will implement the changes agreed by the Ministerial group to enable us to respond to an anticipated increase in demand for support as businesses restructure following the closure of the Job Retention Scheme.

Theme 3: Training to enable unemployed people to transition into employment Sets out recommendations for change to and enhancement of Scotland's skills system, alongside proposals for new training provision to support people to transition to different sectors where their job is at risk. Key actions now underway to implement these recommendations include:

- Working with partners to protect existing apprenticeships and to enable more employers to participate
- Re-purposing the Flexible Workforce Development Fund to respond to the current labour market challenges to enable employers to adapt to a post COVID-19 delivery environment
- Providing, through the Scottish Funding Council (SFC), £6 million funding for the 2020/21 Academic Year for the provision of short reskilling courses.

In the coming months we will review our Labour Market Strategy to ensure a coherent package of education, skills and employability support is in place to respond to the future labour market challenges. This will include working with partners to consider and implement, where feasible, the recommendations for change to apprenticeships including pathways to apprenticeships, shared apprenticeship models and group training.

As announced in July, we will also bring forward proposals for a COVID-19 Transition Training Fund focused on helping those in sectors where there is the greatest risk of job losses.

We will also take forward the actions on our Sustainability Plan for colleges and universities to address existing resource constraints within the system, the scale of the external shock caused by COVID-19 and the outcomes of the SFC review into achieving sustainability within the sector.

Theme 4: Helping vulnerable people into employment Assistance to support business retention

Sets out the action we will take to implement the recommendations of the ESSB to support young people and other groups more adversely affected by the economic downturn. Key actions underway now include:

- Building on our award winning Developing the Young Workforce Programme
- Investing £33 million in employability services this year, including No One Left Behind
- Extending Fair Start Scotland (FSS) services for a further two years to March 2023 to provide support for unemployed people with disabilities, health conditions and other barriers to moving into fair and sustained work
- Reviewing with partners all Employability services to protect provision for those accessing employability services.

In the coming months, we will invest at least £50 million to support youth employment including delivery of the Job Guarantee and additional investment in Developing the Young Workforce.

We will also publish an updated No One Left Behind Implementation Plan setting out our continuing commitment to the transformational change in the delivery of employability services and the key actions to be undertaken in the coming months and years.

Finally, we will write to invite public sector buyers to focus community benefit requirements on activity that will aid economic recovery and tackle inequality.