

Down to
Business
2010
Executive Summary



Scottish
Chambers of
Commerce
The Ultimate Business Network



The Big Picture



The Budget Deficit

It is essential to tackle the deficit in order to retain investor confidence, secure long term currency stability, and keep interest rates low.

Government in Scotland must approach the budgetary question with a similarly constructive strategy of living within its means.

Tax

The Government must avoid tax increases that could penalise wealth creation or complicate the overall tax system.

The planned increases in National Insurance Contributions will make it more expensive to take on new employees at a time of rising unemployment. We urge politicians of all parties to reverse this as soon as possible.

We should consider cutting corporate taxes and reducing the tax burden on oil production.

The Scottish Government should not use its fiscal powers to increase taxes locally, such as non-domestic rates or income tax. Any such moves would put Scotland at a greater competitive disadvantage.

Public Sector Reform

Public sector pay and employment should be kept in line with trends in the wider economy, and productivity must increase.

Public sector performance should be routinely measured against international comparators.

New approaches to infrastructure investment are needed. They should allow private finance to fund transport and utility networks, including Scottish Water.

Welfare reform is needed to encourage employment and reduce benefit dependency.

Public Sector procurement must be used to increase the opportunities available for Scottish SMEs.

Public Sector Pensions

SCC is concerned at the growing divide between pension provision in the private and public sectors. This creates a major distortion in the labour market, and places a growing and unsustainable burden on public finances.

SCC supports moves to encourage greater savings for retirement, but believes that all employees should be treated equally and encouraged to take more responsibility for flexible pension arrangements.

We call for a minimum retirement age for non-revised pensions of seventy.

The Financial System

Government has taken steps to encourage business and personal lending after the system nearly froze in the aftermath of the crisis. SCC applauds these efforts and urges government to ensure low interest rates are passed to borrowers while allowing banks to rebuild their capital base.

The government must work with international partners to arrive at a system of regulation that guards against the mistakes of the past. The new approach should encourage competition, particularly in the provision of business finance, and new entrants to the market.

We must enhance Scotland's financial sector presence and rebuild its reputation.



A Climate For Business



Skills

Government and business need to ensure better workplace practices and encourage working smarter to increase productivity. Initiatives such as the talent map framework can provide guidance on improving effectiveness and competitiveness in the UK and international markets.

In addition to technical skills shortages, programmes need to be developed around enhancing 'softer' core skills to aid effectiveness of newly graduated employees in the workforce.

The importance of ICT skills to Scotland should not be underestimated. There should be a funded strategy that provides ICT skills for the people of Scotland.

It is essential education provided by universities and colleges is driven by industry demand and appropriate for business, contributing to economic recovery and growth or related to strategic aims.

A debate on future education funding is imperative.

Better promotion of skills services available to business, particularly SMEs, is needed. Local Chamber of Commerce networks should be leveraged to effectively disseminate skills information throughout the business community.

Regulation

Government must look to the way in which European legislation is implemented. We need more uniform implementation of EU legislation across Member States.

Devolution gives Scotland an opportunity to take the lead in addressing this agenda, and progress is being made through the independent Regulatory Review Group.

Enforcement agencies need to adopt an enabling role. More governmental bodies could look to follow the example being developed here by the Scottish Environment Protection Agency (SEPA).

What may be achievable by large businesses may be prohibitive to a sole trader. Regulation should be appropriate to scale and capacity of the business in question.

SCC supports the early implementation of a Business Regulatory Impact Assessment (BRIA) to ensure government has a clear understanding of the impact legislation will have on business prior to its implementation.

Energy

Energy policy must welcome incremental increases in the renewable contribution.

Our future energy choices must be reliable, able to meet the base load demand at the lowest possible unit cost, offer an equitable distribution system and be sustainable in the long term.

We call for a detailed plan of future demand to show how and where new installations – and programmes of energy saving – can meet that demand. This must be carried out within the first two years of the new UK Parliament.

Meeting Carbon Emissions targets should not be to the detriment of the continuing exploration and development of our indigenous supplies of hydrocarbon reserves in the UKCS.

Coal is a vital resource forming a significant proportion of base load on the Grid. We look to Government to accelerate the development of cleaner technologies including carbon capture.

Despite the problems of waste disposal, nuclear power will continue to play a role in future energy policy.

We welcome the abandonment of higher charges for Scottish energy providers and call for incentives for small scale producers to also contribute back to the Grid. Government must ensure the objectives in the National Planning Framework for the grid are met and exceeded.

The realistic possibility of new off shore connections for the grid must be examined in detail.

Government support is required if indigenous renewable energy technologies are to be developed and commercialised, opening up new export opportunities. Despite our abundant wind resources, we have lost out to competitor nations in terms of manufacturing. We cannot afford to lose this opportunity regarding offshore and marine energy.

Planning

Scotland needs a coherent planning system that balances the enhancement of our landscape with the encouragement of investment.

Local authorities must be clear when dealing with both developers and other interested parties, providing full information and a precise timetable of events.

Local Government must pursue alternative funding models such as Local Asset Backed Vehicle and Tax Increment Funding in order to leverage investment against a background of public spending cuts.

Planning reforms in Scotland will only achieve the desired results if accompanied by a change in culture across the public sector. This was much heralded when current legislation was being considered, but must be incentivised to become a reality.



Connected Scotland

Transport

Road

SCC support the construction of a new Forth Road Bridge.

The upgrading of the M8, A9, A96 and A82.

The construction of the Aberdeen Western Peripheral Route.

The increase in the HGV speed limit on single carriageway roads from 40mph to 50mph.

The allocation of dedicated high priority vehicle lanes.

Rail

SCC support the completion of current major rail improvement projects.

We demand that Scotland be included as an integral part of current plans to expand the UK HSR network

Investment must continue in the existing rail network, meantime, complementing eventual HSR.

Franchising arrangements for long-distance passenger trains should be structured to facilitate and encourage investment by the private sector to reduce financial demands on the public purse.

Crossrail projects for both Glasgow and Aberdeen should be a high priority.

Air

We support the consideration of a new Air Route Development Fund.

Air Passenger Duty should be reduced or abolished. Taxation of the aviation industry must be proportionate.

The construction of a third runway at Heathrow Airport is essential.

Aberdeen Airport runway extension remains a priority.

We must improve our airports' links with road and rail networks.

The air discount programme for Scotland's remote island communities must remain a budgetary priority.

Sea

It is vital that we improve links between our ports and the wider transport infrastructure.

In addition to the existing Freight Facilities Grants, Government should create a new freight route development fund to complement a new Air Route Development Fund.

The future use and development of ports must be facilitated through the planning system, recognising the role of ports in supporting the economy in general and the oil, gas and marine renewable energy industries in particular.

Broadband

The Government must set a target of a minimum download speed of 11.25Mbps for UK broadband by 2014, with a plan in place to reach at least 100Mbps by 2020, accompanied by significantly improved upload speeds.

We support the 50p land line levy proposed to fund the expansion of the UK's broadband infrastructure, but this may have to be revisited to ensure Britain is internationally competitive.

The roll-out of fibre optic cabling in the UK should accelerate.

International Trade

Difficulty in accessing trade credit and credit insurance to pay for or receive goods is an issue. Government needs to make funding available to all sizes of Scottish business to facilitate international growth.

UK and Scottish Governments should provide tax incentives – particularly for market research – and the corporation tax levied on SMEs exporting over 40% of their turnover should be lowered from the current rate of 21%.

Policy on exporting support needs to be better integrated between the various trade support organisations and the Scottish government. There need to be better programmes that provide financial and business skills support.

Specific business support and advice should be provided to pursue emerging markets such as Brazil, Russia, India and China.

A push for increased exporting of services would be valuable to the Scottish economy and diversify away from manufactured based products.

Playing to Scotland's strengths

Oil and Gas

Businesses operating in the North Sea oil and gas industry are among the most highly taxed in the country. With the industry now in a mature phase, the tax burden must be reduced.

Government should encourage the development of new smaller fields and continued production of mature depleted fields. SCC believes investment to drill such fields needs to be encouraged through relevant tax incentives.

Decommissioning of infrastructure is an area for major economic opportunity. SCC argues that the UK and Scottish Governments should be open to a range of environmentally sustainable options put forward by Scottish industry.

UK and Scottish Governments need to recognise the importance of anchoring the oil and gas industry supply chain to Scotland. This should be encouraged by fiscal policy.

Investment in developing technical staff and graduate engineers is considered critical for the future prospects of the oil and gas industry in Scotland. SCC suggest suitable partnerships be developed between public and private enterprise to ensure appropriate supply of skills for the industry for now and the future.

Scotch Whisky

The UK and Scottish Governments should not unfairly tax its most important alcoholic beverage sector and move towards taxing all alcohol content at the same level.

We need to see the approval of 'Scotch Whisky' as a recognised Geographical Indication (GI) and introduce a definition of 'Scotch Whisky' in order to protect the integrity of the product.

Fair market access needs to be gained from India, the world's largest spirits market. At present, the market imposes discriminatory duties and levies at the State level that obstruct Scotch Whisky's penetration of the market.

The WHO's alcohol strategy should not interfere with international trade obligations and treaties, nor ban duty-free purchases which is a legitimate cross-border trade.

Tourism

A full review of regulations and their impact on the Scottish tourism industry should be carried out by the Scottish Parliament’s Economy, Energy and Tourism Committee, supported by the Westminster Scottish Affairs Committee.

SCC urges Visit Scotland to take on board the views of the industry when looking at new developments for visitscotland.com.

The roles of Visit Scotland and Scottish Enterprise in tourism policy should be examined and responsibility for tourism should remain entirely with Visit Scotland in order to avoid confusion.

SCC believes that closer working between academia and the tourism industry to give the profession a higher profile as seen in countries like Italy and Spain.

Financial Services

Government should strike an appropriate balance in the governance of the banking sector.

They should ensure that the urging of caution over lending policies does not strangle the need for finance for growing companies upon whom the recovery will be dependent.

We accept that the banks themselves need to manage their portfolios with probity, but the elimination of risk is not possible if we are to have a functional economy – for risk lies at the heart of enterprise.

The regulation of banks must pay due attention to the needs of smaller companies, and we commend and call for the extension of schemes such as Prompt Payments to speed up transmission of funds between banks, and for due powers for smaller businesses to protect themselves from late payment.

Government need to find new ways of supporting infrastructure development and to maximise the involvement of the private sector as partners in the process.

World Leading Opportunities

There needs to be funding of lifelong education and training opportunities that can ensure the smooth transition of displaced employees into new skill sets.

There needs to be encouragement of schools and their students to select training and careers which are targeted at key opportunities for economic growth.

Tax breaks for innovation investment.

Smoothing the planning process to enable centres of excellence to develop rapidly.

Innovative means of funding infrastructure investment.

Genuine reduction of red tape and an end to over-regulation.

The continued integration and prioritisation of export support.

We must continue to support our games development industry, work to grow the sector in Scotland and attract new businesses to anchor skills and talent in cluster areas such as Dundee.

Key Partners



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