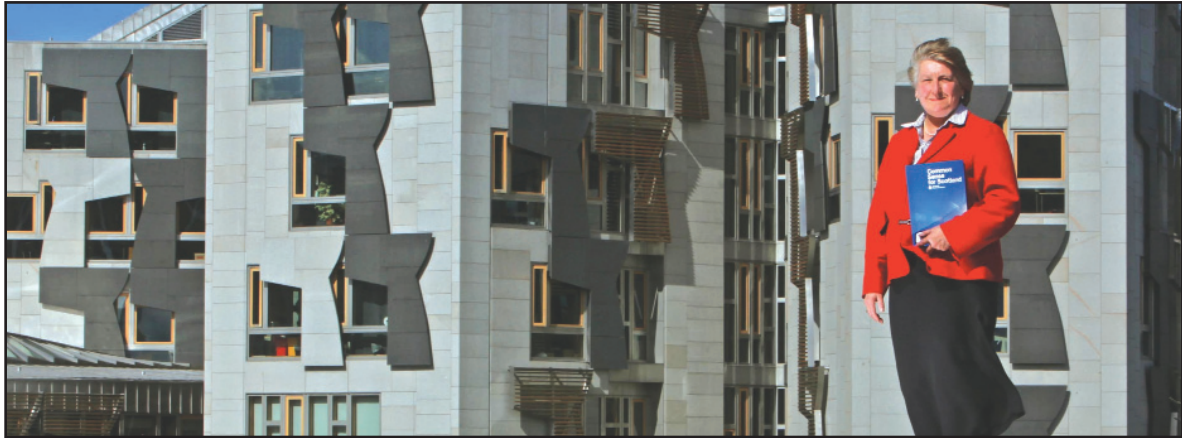


# Common Sense on the Economy





These are tough times for Scotland. The devastating effects of Labour's recession, where the true extent of just how much we were borrowing became clear, will take time to weather. In the UK we are spending £120m a day servicing our debt. That works out at more per year than the entire Scottish budget. It cannot continue.

Scottish Conservatives have already taken action in the last parliament. We forced the SNP Government to accelerate business rate cuts for our smallest businesses – a move FSB Scotland estimates saved one in eight of these small businesses from going under.

In the most recent budget, we secured a £26m boost to business - £16m for construction and £10m for business start ups and exporting. These measures will create over 10,000 jobs in Scotland.

That is real help in these tough times.

But we can do more.

There is no question the jobs of the future will come from the private sector. So whilst we must protect our vital public services, to create more prospects, more opportunity and more wealth for all of us, we must grow the private sector.

I want an entrepreneurial, dynamic, thriving Scotland. A Scotland that backs small business, providing a framework for them to succeed and prosper.

This manifesto is full of ideas to get us started. It is common sense for us to grow Scotland's economy and that is exactly what we will do.

*Annabel .*

## **GROWING THE ECONOMY AND CREATING JOBS**

With an economy heavily dependent on the financial services and public sectors, Scotland more than anywhere else has suffered from, and is experiencing the lasting effects of, the failure of the financial regulatory regime created by the last Labour Government at Westminster and the problems stored up by its overspending.

Worse, Scottish businesses and jobs have been hit severely by the recession, which owing to Labour's failure to support business and address welfare dependency, lasted longer in the UK than anywhere else in the G20.

The outgoing SNP Government at Holyrood has taken some positive steps, following Scottish Conservative pressure, to encourage growth and jobs. However, it has not delivered fully on its pro-business rhetoric and it has failed to see the need to take some tough, "big picture" decisions, such as the need to call time on unsustainable borrowing and rebalance our economy from the public to the private sector.

## **DELIVERING FOR SCOTLAND**

With the help of the Conservatives in coalition at Westminster, we are confident that Scotland can make these necessary adjustments successfully, and will emerge as a more prosperous nation as a result, with a people whose talents are used more fully, and an entrepreneurial heritage that is brought to life once again.

The new UK Government has done its part to help turn the Scottish economy around. Scottish businesses will save around £280m from the changes we are introducing to National Insurance and up to 59,000 Scottish businesses will benefit from our NI payment holiday for new businesses. We are cutting corporation tax to the lowest rate of any major Western economy, one of the lowest rates in the G20

and the lowest rate Scotland has ever known. While Labour left half a million Scots stuck on out-of-work benefits, we are reforming welfare and are making work pay.

We have also shown our potential to deliver at Holyrood. We have consistently prioritised the promotion of private sector growth in our contributions to the Budget process. In successive Budgets, we have used our position holding the balance of power to force and then consolidate accelerated cuts in businesses rates for tens of thousands of small and medium sized businesses. And in the most recent Budget, we secured £26m of stimulus for business, comprising £16m of help for first time buyers and getting the housing market moving, leading to 5,500 jobs for Scotland's construction industry and £10m for business start ups, job creation and exporting which will create up to 5,000 jobs.

## **SUPPORTING ENTERPRISE**

The rate of business start ups and entrepreneurial activity in Scotland has flatlined since the advent of devolution, at a rate lower than that of the UK overall. We are punching below our weight and we need to face up to that.

We need to put our faith in our entrepreneurs so we nurture new businesses, design new products and create new jobs.

That is why we will create a Scottish Business Start Up Fund worth £154 million to support individuals access enterprise education, vocational training, and to provide grants and loans to assist in the creation of new businesses.

The Scottish Conservatives are committed to delivering a step change in enterprise education in Scotland, following the conclusion from the Hunter

Centre research that enterprise education doubles the likelihood of an individual becoming an entrepreneur. We will achieve this

by making it compulsory to offer enterprise training at all colleges and universities, in partnership with local businesses.

To achieve our radical ambitions for growth, it is clear to us that politicians in the Scottish Parliament will need to take to heart a new determination to work together, to work in partnership with the private sector, and to do everything they can to unite all tiers of government behind the push for growth.

To lead this effort, we will create a new dedicated Cabinet level Minister for Enterprise and Jobs, taking responsibility for Enterprise, Planning, Transport and Infrastructure. This post will replace the two existing junior ministerial posts.

Local government exercises several important functions in regard to economic development and we believe that it is time that it is given an incentive to take decisions that help, not hinder, growth.

So we will create a Business Dividend Fund, through which local authorities will receive extra funding for exceeding targets for business start ups.

Similarly, we will place a duty to promote economic growth on all public agencies, and require them to report on the positive – and negative – impacts that the decisions they have taken have had on economic growth.

Scottish Conservatives successfully argued for major reform to the Enterprise Networks in the last Parliament, and it is clear from the Scottish Parliament Economy Committee's recent report that business wants the existing networks to focus on helping business, not further restructuring. We will therefore retain Scottish Enterprise, Highlands and Islands Enterprise, and Scottish Development International. However, we expect these organisations to move to shared services for back office functions, either with each other or with

other public bodies.

Local Authorities have an important role to play in helping business under the new structure, but there is scope to raise standards. We will therefore establish a best practice audit of local authority support for business to ensure that all Local Authorities are able to deliver targeted support to business.

We will expand the Business Gateway service to include all businesses not covered by Scottish Enterprise or Highlands and Islands Enterprise, by giving credit for supporting larger businesses when Business Gateway contracts are renegotiated in 2012. Additionally, we will amend the new contracts to recognise the value of helping existing companies survive.

## **REFORMING BUSINESS RATES - A BUSINESS RATES REFORM BILL**

Under Labour and the Liberal Democrats, Scotland imposed a higher rate on businesses than that applying in England. Thanks to the Scottish Conservatives, that changed – and has been preserved over the last Parliament.

We will legislate to ensure that the main Business Rate poundage can be no higher than in England.

We will introduce a Business Rates Reform Bill to consolidate the legislation on non-domestic rates and to make the small business discounts we secured in the last Parliament permanent - and to deal with some of the problems arising from the 2010 revaluation.

Too many businesses found out at very short notice that their valuations had increased. We will therefore increase the notice period of a change in liability for business rates as a result of a revaluation to at least six months.

Under the current system, even where a business appeals a higher valuation, increased

rates are still payable until an appeal has been heard. This can cause cashflow problems for businesses, and so we will allow businesses to defer payment of the disputed amount in the event of an appeal. In the event of the appeal being unsuccessful, a commercial level of interest will be charged on the unpaid amount.

The Business Rates Reform Bill will not increase the burden of business rates, and will prohibit sector specific supplements such as the tax on retail jobs recently proposed by the SNP, and stopped by the Scottish Conservatives.

We will extend the scope of the small business rates relief scheme over the life of the Parliament as the public finances allow.

At the same time, because we have taken tough decisions to tackle wasteful spending and to prioritise economic growth, we will expand the scope of the rural business rate reliefs which help protect rural post offices, pubs, hotels and petrol stations.

## **TACKLING RED TAPE**

Scottish Conservatives are committed to cutting the red tape that inhibits the growth of all businesses and small businesses in particular. We will retain the Regulatory Review Group (RRG) to review red tape and make regulation better focused and less burdensome on businesses, voluntary groups and the public sector.

We will ensure that all local authorities comply with EU rules requiring access to online applications for forms, applications and licences.

Our aim is for 25 per cent of local and national Government contracts to be awarded to SMEs. Improving procurement practice within the public sector will also help deliver savings.

We will allow any voluntary, private or public sector organisation to refer regulations which

are unduly burdensome to the Regulatory Review Group. The Regulatory Review Group, not the Scottish Government, will decide which regulations should be reviewed.

Never again will we have a situation such as where the SNP tried to increase taxes on Scottish retail jobs, but blocked the RRG assessing the impact of their plans.

We will take forward the RRG recommendation and investigate moving to a system of alcohol premises licenses where the fees are related to alcohol turnover.

We will strengthen Business and Regulatory Impact Assessments, requiring civil servants to consult with at least 20 businesses across Scotland.

We will make their use mandatory for all primary legislation and for secondary legislation whenever there could be a meaningful regulatory impact. The Scottish Government would have to either implement the recommendations or give a formal written response as to why it is not doing so.

We will oppose re-regulation of bus services, which would add additional bureaucracy to transport provision, and shift resources away from public transport to paperwork.

## **SPEEDING UP THE PLANNING SYSTEM**

Despite the new Planning legislation, it is clear that the current regime is not helping drive economic growth. We will therefore establish a business-led review of the planning system to report by March 2012 on how we can improve the design and operation of the planning regime to raise economic growth whilst recognising local needs and wishes.

To address the difficulties that developers and self-builders have in getting new properties connected to the mains water supply, we will

impose upon Scottish Water a requirement to complete the work within three months of planning permission in detail being granted for development.

## INVESTING IN INFRASTRUCTURE

Scotland's future economic prosperity depends on strategic investment in capital infrastructure. Previous governments have wasted too much money on poorly planned schemes and have refused to prioritise.

We will invest £135 million to accelerate the introduction of superfast broadband across Scotland to ensure our economic competitiveness is maintained.

We will introduce by November 2011 an updated Strategic Transport Projects Review (STPR), providing an indication of the relative priority and timeframe for each project.

We believe that all existing timetabled projects can be retained. The updated STPR will prioritise resources on projects assessed to be of greatest economic benefit, which will put the focus on maintaining and upgrading existing core road and rail infrastructure.

Scottish Conservatives believe that the replacement Forth Crossing is Scotland's top transport priority.

In view of the importance of the North-East economy to Scotland, and underinvestment in the area under Labour and the Liberal Democrats, we rank the Aberdeen Western Peripheral Route Scotland's second most important road project.

We will also pilot the introduction of hard shoulder-running, initially on sections of M77 and M8.

We will use the borrowing provision made available by the UK Government to enable

completion of the new Forth Crossing. This will ensure that other, worthy capital projects are not unnecessarily delayed, and that we can introduce a Road Maintenance Fund worth £200 million.

As a result, we can also make commitments on the rail network, which will improve services and encourage modal shift. In particular, we will continue the Edinburgh-Glasgow Rail Improvement Programme.

However, leveraging additional private investment is also important and so from the next renewal, we will make the Scotrail franchise available for an extended period of 10 years, making clear that we expect savings in subsidy or improved investment in rolling stock or better services in exchange.

We will establish an implementation group to liaise with the UK Government to maximise potential reductions in journey times for Scots as a result of new high speed rail links to London.

We will retain existing lifeline ferry services but will make savings in the Scottish Government's ferry subsidy, partly by tendering the CALMAC and Northlink contracts in smaller bundles.

We will put the Bus Services Operators' Grant on a sustainable footing, and encourage Local Authorities to provide funding to supplement BSOG awards.

We will retain but reform the Scottish Futures Trust (SFT), and give it access to the full range of funding options, including PPP. We expect the SFT to deliver savings in capital procurement above its current level and will require all public bodies to seek advice from SFT for all procurement.

Like all public bodies under our plans, the SFT will have to demonstrate the impact of its decisions on the Scottish economy.

We will introduce a Bill to reform Scottish Water,

ending the reliance on taxpayer funding while protecting customers with an enhanced regulatory regime. Scottish Water will become a publicly-owned Public Interest Company, free from government control.

The Edinburgh Trams Project has become a national embarrassment. By now, trams should have been running in Edinburgh. Despite a positive review on progress from the Auditor General in 2007, since then neither the Lib Dem/SNP City of Edinburgh Council, Transport Initiatives

Edinburgh, or the Scottish Government through Transport Scotland, has exercised any leadership of the project, which is now not only delayed and likely to be scaled back, but also substantially over budget. We will therefore not provide any more central government grant funding for Edinburgh trams.

## **DEVELOPING TOURISM**

The tourism industry is vital to Scotland's economy and visitor spend is currently around £4.1 billion a year. It provides employment for roughly 210,000 people, spread all over Scotland.

A growth ambition was set by the industry and the Labour/Lib Dem

Scottish Executive in 2005 to grow the revenue from Scottish tourism by 50 per cent over ten years. We are now past the halfway point, with zero growth.

If Scotland is going to remain a major player, we believe that it has to compete on quality, not price. That means getting skills right, getting investment into the industry and getting a year-round strategy.

We need a highly trained and skilled workforce. We have to get everything right, from the welcome to the general standard of customer care. Tourism training in Scotland currently involves over 400 courses provided by 40 different institutions.

We will establish a private sector group to deliver a wholesale rationalisation, creating a smaller number of industry-approved courses provided by fewer providers. The system must become demand-led so that we tackle the mismatch that exists between the skills required by employers and the skills offered by applicants.

Investment is needed to improve the fabric of the industry, yet many tourism businesses are struggling to raise finance at the moment. So we will investigate the viability of a Scottish Tourism Investment Bank, based on the Austrian model.

We will lead development of a "Year-Round Tourism Strategy". This will help ensure that tourism businesses make a continuous contribution to their local economies and will make employment in the industry more stable and rewarding, which will in turn raise the calibre of entrants and encourage the retention and development of staff.

We will retain the number of Tourist Information Centres (TICs), although encourage premises-sharing with other organisations. We will ensure all TICs provide Scotland-wide information to encourage tourists to travel throughout Scotland.

To encourage more visitors to come to Scotland, we will aim to establish an EU compliant successor to the Air Route Development Fund.

Historic Scotland manages many sites that are in an enviable position for encouraging visitors to take advantage of a whole host of tourism opportunities across Scotland. We will place a formal obligation on Historic Scotland to promote tourism across Scotland.