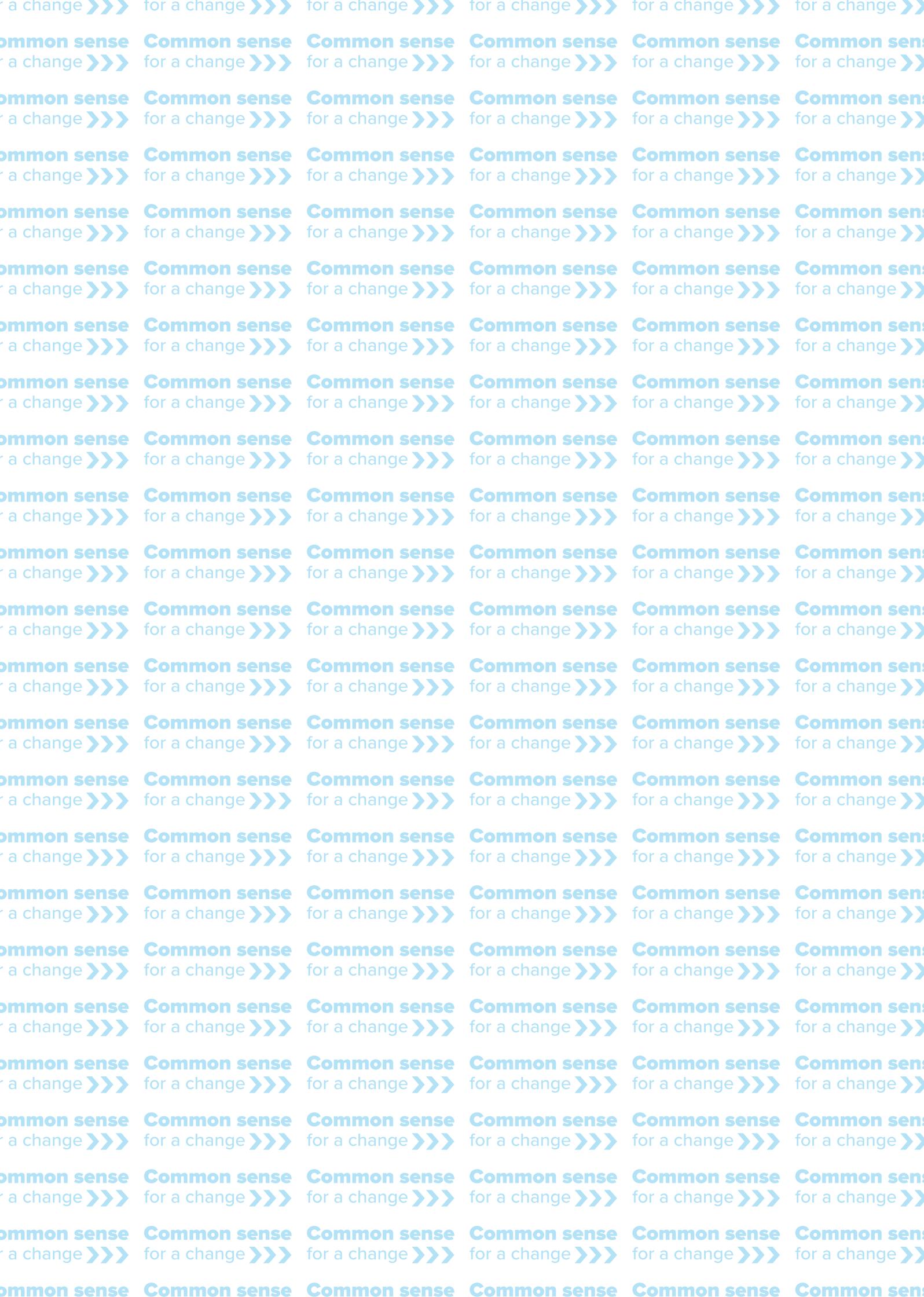


A COMMON SENSE PLAN

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# Growing a Productive Scotland

Scottish Conservative & Unionist Party  
March 2026





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# Introduction

Scotland's economy has the potential to be one of the most dynamic in Europe. We have world-class universities, a skilled workforce, globally recognised industries and some of the most spectacular natural resources on the continent.

For too long, that potential has been squandered.

Under the SNP, Scotland has fallen behind. Productivity has stagnated, business investment has lagged and the systems meant to support growth have become a maze of bureaucracy that too often gets in the way of the very people they are supposed to help.<sup>iiiiii</sup>

The SNP government has had two decades to make Scotland's economy work better. Instead, businesses must deal with a confusing mess of 100 public bodies offering 750 different types of publicly funded programmes when they look for support.<sup>iv</sup>

Apprenticeship places have been rationed, leaving 9,000 people who wanted to train unable to do so.<sup>v</sup> Infrastructure projects have been delayed by years of misalignment between planning and procurement.<sup>vi</sup> And the business rates system has been allowed to operate with so little accountability that some firms have faced increases of several hundred per cent at revaluation, with virtually no effective means of challenge.<sup>vii</sup>

This is not a record of ambition. It is a record of neglect.

Nationalist ministers are too distracted by their constitutional obsession to fix any of it. While Scottish businesses struggle to navigate a fractured support landscape, the SNP's priority remains breaking up the United Kingdom.

Agitation for independence does not create a single job. It does not train a single apprentice. It does not cut a single day from a delayed infrastructure project. What it does is sow uncertainty that makes Scotland a less attractive place to invest in.

**4 / Growing a Productive Scotland**

The Scottish Conservatives have a different vision.

In 2025, we set out the case for growth and established the framework for a new body called Growth Scotland, which would streamline and scale up business support by merging the Enterprise Agencies, the Scottish National Investment Bank and Skills Development Scotland.<sup>viii</sup> This paper builds on that foundation. It sets out how the institutions and systems that shape Scotland's economy – business support, skills and apprenticeships, major infrastructure, and business rates – can be aligned around a single, coherent purpose: increasing Scotland's productivity.

We would make a single front door to all publicly funded business support, ending the confusion that forces firms to repeat themselves across dozens of separate schemes.

We would bring apprenticeships, skills planning and innovation funding into our proposed single point of contact for businesses - Growth Scotland, replace artificial apprenticeship caps with a demand-led system that responds to what employers actually need.

We would give Growth Scotland oversight over national infrastructure to prevent the costly delays and misalignments that have plagued projects for a generation. And we would reform business rates to make the system fairer, more transparent and less punishing of investment.

These changes recognise a fundamental truth: you cannot grow an economy with a government organised against it.

Scotland's businesses deserve operating environment that works with them, not one they have to work around.

This paper sets out how the Scottish Conservatives would build that system - and make Scotland a place where ambition is rewarded, investment is welcomed and growth is the central purpose of government.

# Our plan to grow the economy

01

## BUSINESS SUPPORT AND SKILLS

**Have a single-entry point business support.** At present, support is delivered through 100 public bodies and 750 separate schemes. Businesses move between programmes as they grow, repeating information and navigating different criteria. Under this model, firms will enter the system once through Business Gateway, which will be part of Growth Scotland, and access advice, grants, loans, skills support and specialist programmes through a single route.

**Have one body focussed on skills to focus on labour market needs.** The Scottish Funding Council and the Student Awards Agency for Scotland currently hold functions such as promoting apprenticeships, employer-led skills planning, labour-market intelligence, careers services, workforce transition and innovation funding. All of this should be aligned to employer demand and productivity need. So, we would transfer these functions to Growth Scotland so that we have one single body focussed on the most important skills needed by employers so that we can grow our economy.

**Ringfence the Apprenticeship Levy to provide demand led training.** Businesses in Scotland have to pay the Apprenticeship Levy but the Scottish Government are not clear with them about how this money is spent. We would ensure that all money paid by employers in Scotland for the Apprenticeship Levy goes towards funding a demand-led apprenticeship model that will ensure business' skills requirements are met and removes the problems of having to fit decisions around the funding cycle. We would also remove the age cap on modern apprenticeships so that age will not be a barrier to aspiration.

02

## INFRASTRUCTURE AND ECONOMIC GROWTH

**Coordinate major growth and infrastructure projects through one body - Growth Scotland.** To reduce avoidable delays due to communication issues between different agencies, we would coordinate infrastructure projects through one body. This will provide a single point of contact, and a clear investment path whilst respecting the autonomy of local authorities.

**Support local businesses and get people back into work by replacing vague 'social value' guidelines with job delivery.** We would move from loose guidance on social value in contract tendering by trialling skills and employment as part of public-sector contracts. This remains compliant with trade rules because it applies equally to all bidders - while ensuring that costly social value commitments are ditched and local businesses are better placed to win contracts. Local workforce development would become a contractual deliverable rather than an aspiration attached to the tender response.

## FAIRNESS IN TAXATION AND BUSINESS RATES

**Increase fairness for businesses and taxpayers by merging the different assessors for local authority taxation into one national body.** Scotland currently has 14 different assessors, and this means there are varying interpretations of how local taxation is assessed depending on where you live in Scotland. We do not believe this is right, so we would simplify the process so that there is just one assessor body for Scotland. This body would also issue guidance on valuation practice, resolves inconsistencies between different Assessors' offices, publish national standards, and provide an additional appeal route for businesses.

**Cap rises in business rates bills at revaluation.** The latest non-domestic rates revaluations saw enormous tax rises inflicted on businesses when they're already struggling with bills, and the current system discourages property improvements because it will result in a higher tax bill. We would cap rises between cycles and exempt improvements from revaluations for a longer period so that businesses can get return on their investment.





# Make Business Gateway the front door and corridor of Growth Scotland

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When a business in Scotland looks for public support, one of the first places it is directed to is Business Gateway. Business Gateway is delivered by local authorities with national coordination and provides free, impartial advice, workshops, research and signposting. It is widely used and familiar to businesses, particularly at start-up and early trading stages, and remains the point which most firms, and in particular SMEs, go for support.<sup>ix</sup>

Business Gateway is funded through a £16.3 million annual Scottish Government grant to local authorities, a settlement that has been flat since responsibilities were transferred in 2008.<sup>x</sup> Over time, this has reduced capacity in real terms and led to uneven provision across the country.

Alongside Business Gateway sits a large number of other business-facing programmes delivered by different public bodies. Support for digital capability, innovation, skills, scale-up finance and exporting is accessed through separate routes, with different criteria and decision-makers. Audit Scotland reported in 2016 that the full range of public sector business support in Scotland was not known and investigations into it had failed due to the sheer complexity.<sup>xi</sup>

The Scottish Government's 2017 Enterprise & Skills Review identified 'clutter' and 'confusion' in business support and proposed a single-

entry point.<sup>xii</sup> Following this, the Find Business Support portal was established. Whilst it makes information easier to find it still lists 100 public sector organisations which between them have 750 different types of publicly funded interventions.<sup>xiii</sup>

Fragmentation is not limited to grant or advisory programmes. Evidence to the Scottish Parliament highlights similar challenges in public procurement access.

Public Contracts Scotland (PCS), the national procurement portal launched in 2008, was described as valuable but increasingly dated in its user interface. Witnesses reported duplication between PCS and PCS-Tender, with businesses sometimes believing they were fully registered while not being visible to buyers. Relevant documents were not always easy to locate, and procurement terminology and processes were difficult to navigate. Businesses indicated that one-to-one support through Business Gateway had often been more helpful for understanding procurement requirements.<sup>xiv</sup>

Yet Business Gateway itself operates as a starting point rather than as a route through support. As firms grow, hire staff or invest, they often leave Business Gateway and re-enter the system elsewhere. Information is repeated, eligibility is reassessed, and responsibility for outcomes becomes dispersed.



The experience of DigitalBoost illustrates this. DigitalBoost provided a national digital support offer for SMEs and was independently evaluated in 2021 as one of the most cost-effective economic development interventions in recent years. With around £1.6 million of annual public investment, it generated an estimated £273.6 million in net additional GVA and around 5,539 new jobs.<sup>xv</sup> Since funding ended, digital support has been delivered through a mix of short-term or thematic programmes without a clear national pathway.<sup>xvi</sup>

A similar pattern applies to Techscaler, which provides intensive support to technology start-ups but operates alongside Business Gateway rather than within a single progression system, despite significant public investment.<sup>xvii</sup>

A single front door that combines navigation, support and visibility across grants, skills and procurement would reduce duplication and lower barriers to participation.

The Scottish Conservatives propose that Business Gateway becomes the front door for business-related support in Scotland and would be part of our plans to create a single body for businesses to interact with - Growth Scotland.

In the first instance, it would act as the entry point for all publicly funded business support. Businesses would enter the system once through Business Gateway and remain within it as their needs change. Advice, grants, loans, skills support, innovation funding and specialist programmes would be accessed through this route rather than through multiple front doors.

Under this model, each firm will have one Business Gateway account, with one customer record and a single business identifier used across all Growth Scotland-supported programmes, so businesses do not repeatedly prove who they are to different parts of the system.

This would also address a growing gap in business understanding. At present, government relies on voluntary surveys with low response rates and inconsistent coverage, making it increasingly difficult to identify emerging

pressures or measure the effectiveness of policy.<sup>xviii</sup>

A single-account system, in which advisors maintain an ongoing relationship with firms as they start, grow and invest, would generate a far richer and more reliable picture of business performance in real time.

Advisors working continuously with firms would track productivity, competitiveness and the practical barriers businesses face at each stage of development, not through one-off questionnaires, but as a natural product of the support relationship itself.

We would use this insight to publish Scotland's Business Landscape report, drawing directly on aggregated and anonymised data from across the Business Gateway network to identify sectoral trends, regional disparities and systemic obstacles to growth.

This would give policymakers, local authorities and enterprise bodies a shared, evidence-based foundation for decisions on tax, skills, infrastructure and support, replacing the current reliance on fragmented and often outdated snapshots with a continuous, ground-level understanding of how Scotland's businesses are performing.

Local authorities will remain an important part of the regional business support, but through Business Gateway this support will be through one route and recorded in one system, rather than relying on informal signposting and repeated re-entry.

This approach builds on an existing and trusted service but expands its role. It replaces a landscape of multiple entry points with a single route, and a series of disconnected interventions with a continuous relationship with businesses as they start, grow and invest.



# Putting productivity at the heart of Growth Scotland

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As businesses move beyond initial advice and begin to hire, train staff, adopt new technologies and invest, they need skills, apprenticeships and innovation support.

At present, those functions are spread across Skills Development Scotland (SDS), the Scottish Funding Council (SFC) and the Student Awards Agency Scotland (SAAS). Decisions about apprenticeships, workforce planning, labour-market intelligence, careers and research and innovation funding are taken in different parts of the system, even where they affect the same firms and sectors.<sup>xxix</sup>

A skills delivery landscape review submitted to Scottish Ministers in 2023 argued ‘the landscape has become too fragmented and confused. At best, there are overlapping responsibilities, at worst, individual parts of the system work against each other’.<sup>xxx</sup>

We have already proposed moving SDS into Growth Scotland, but the Scottish Government’s Tertiary Education and Training reforms are reshaping how these functions are organised, rather than aligning them with growth policy.<sup>xxxi</sup>

The SFC funds colleges and universities. It pays for teaching and learning, research and innovation, as well as capital and estates. It also agrees funding arrangements with institutions and monitors delivery, quality and financial sustainability. From April 2027, the redesigned SFC will also be responsible for funding and securing the delivery of apprenticeships, work-based learning and national training

programmes, functions that currently sit with SDS.<sup>xxii</sup>

SAAS is the student support body. It assesses eligibility and administers payments for tuition fees, bursaries, grants and allowances, and it assesses student loans which are then paid by the Student Loans Company. From academic year 2026–27, further education student support for college learners is planned to transfer from SFC to SAAS.<sup>xxiii</sup>

The Tertiary Education and Training reforms address some of the fragmentation identified in earlier reviews.<sup>xxiv</sup> But it does not go far enough. We propose that any activity explicitly intended to improve economic outcomes should sit within Growth Scotland. This would include modern, graduate and foundation apprenticeships; employer-led skills planning; labour-market intelligence; careers and employability services; workforce transition and reskilling; and research, innovation and knowledge-exchange funding.

Bringing these functions together would allow decisions about skills supply, training pathways and innovation funding to be taken in response to employer demand and productivity need, rather than through separate institutional lenses. Growth Scotland would remain the single employer- and investor-facing body, responsible for identifying where skills shortages exist, how technology adoption is reshaping jobs, and how public funding can support firms to grow. This would replace the current position in which responsibility for related decisions is split across bodies with different objectives and



accountability.

The treatment of Graduate Apprenticeships illustrates why this separation is necessary. In 2024–25, Graduate Apprenticeships were funded across three different routes: £3 million with SDS, £30 million with SFC, and £6 million with SAAS.<sup>xxv</sup>

Whilst the SFC is taking responsibility for SDS's share of graduate apprenticeship funding, tuition fees will still be paid by SAAS.<sup>xxvi</sup> This means a component of workforce programme funding flows through the student support system rather than sitting with the bodies responsible for commissioning and delivering apprenticeships.

Under our proposals, that element would transfer to Growth Scotland alongside all other apprenticeship funding. This would create a clear separation between baseline entitlement funding and functions designed to grow and enhance the labour market.

SFC's residual responsibilities would cover teaching grants for colleges and universities, widening access funding, and estates maintenance and core capital. SAAS would retain its student support functions, including tuition fees, loans, grants, bursaries and allowances.

Moving apprenticeship funding into Growth Scotland creates scope for further change.

We would move to a demand-led model of funding, meaning apprenticeship funding would respond to employer need rather than fixed annual caps. In 2024–25, learning providers requested around 34,000 apprenticeship places to meet demand in the economy, but just over 25,000 were funded. Around 9,000 people who could have entered training did not.<sup>xxvii</sup> That represents lost opportunities for individuals to upskill and increase their earnings, and lost capacity for employers to raise productivity. Repeated over multiple years, this gap helps explain weak productivity growth and stagnant wages.<sup>xxviii</sup><sup>xxix</sup>

This gap exists despite employers in Scotland continuing to pay the UK apprenticeship levy. On current estimates, more than £300 million of levy

funding raised from Scottish employers has not been passed back to support apprenticeships in Scotland.<sup>xxx</sup>

Under the current system, that funding is absorbed into wider budgets rather than being clearly linked to training outcomes for the firms and sectors that generate it. The OECD has argued that a demand-led model would make the relationship between employer contribution and apprenticeship provision more transparent and ensure that funding raised for skills is used to meet real economic demand in Scotland.<sup>xxxi</sup>

Therefore, we would ringfence the money that employers in Scotland pay via the Apprenticeship Levy into a specific fund that would enable us to provide financial support for apprenticeships on a demand-led basis. This removes artificial limits on apprenticeships, reduces volatility created by annual funding cycles, and allows provision to expand where employers are willing to take on apprentices. This is consistent with the conclusion of the Economy Inquiry 2030, which found that a demand-led approach would 'dynamise the system'.<sup>xxxii</sup>

Further, it would remove the effective age cap on apprenticeship funding allocations to support mid-career retraining and workforce transition, recognising that reskilling is increasingly necessary as sectors change and technology adoption accelerates.<sup>xxxiii</sup>

Alongside this, we would accept the Hunter Foundation's offer of £1 million matched funding for an AI learning portal. The fund would focus on practical application by Scottish businesses, supporting employers to train staff in the use of AI and related technologies in working environments.<sup>xxxiv</sup>

Indeed, bringing skills functions into Growth Scotland would create the platform needed to introduce AI training in a meaningful way. At present, AI sits awkwardly between business support, education and innovation policy, with no single body responsible for turning employer need into a coordinated response.

The National AI Adoption Programme,



launched in September 2025 with less than £1 million of Scottish Government funding, is delivered across four separate bodies - Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise and The Data Lab - and is due to expire on 31 March 2026, with no confirmed successor.<sup>xxxv</sup>

Meanwhile, AI training for individuals and the existing workforce consists largely of free introductory online courses provided by the Scottish AI Alliance, The Data Lab, and SDS.<sup>xxxvixxxviiixxxviii</sup> None of which are tied to employer demand.

A firm going through the adoption programme and a worker trying to upskill for an AI-enabled role are navigating separate routes, managed across bodies, with no mechanism to match what the business needs to what the worker is being trained to do.

The result is a landscape in which the body advising a firm on AI adoption has no role in funding the training its staff need, and the body funding workforce skills has no visibility of which firms are adopting AI or what capabilities they require.

It is no wonder then that around 85 per cent of AI implementations in Scotland fail due to poor data foundations and unclear use cases.<sup>xxxix</sup>

Successful AI adoption is not just a matter of making courses available. Firms first need to assess organisational readiness: what problem they are trying to solve, what data they hold, what systems would need to change, and whether their workforce has the skills to use new tools effectively. Without that discipline,

businesses risk buying technology before they understand where it adds value or deploying systems their staff are not equipped to use.

Growth Scotland would allow Scotland to treat AI adoption as both a business issue and a skills issue at the same time. Trained advisers working with firms could identify where AI could improve operations, assess whether the business has the management capability, data readiness and workforce skills to implement it successfully, and then direct the firm to the right support.

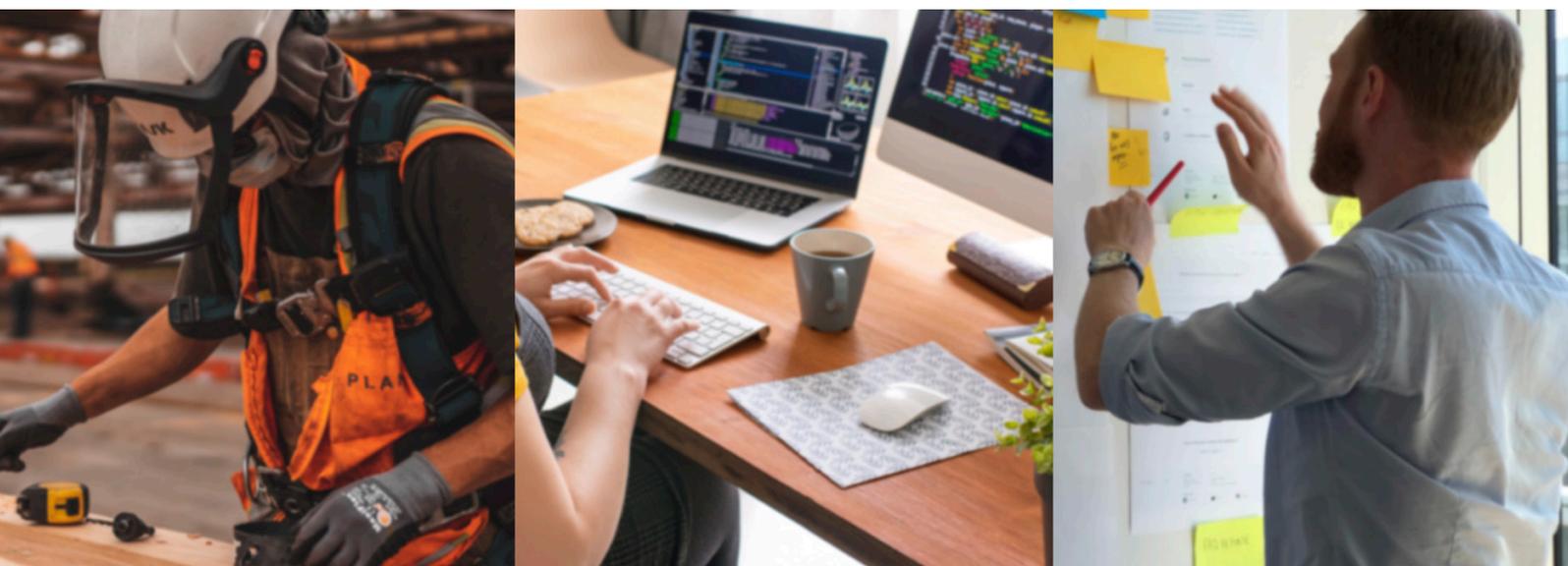
Growth Scotland could coordinate sector-specific and role-specific training pathways, linked to the practical needs of different occupations and industries, so that employers can assess skills gaps properly, train existing staff where needed, and bring in new capability where necessary.

AI training would no longer sit as a separate initiative at the margins of the system, but as part of a single economic strategy for technology adoption, workforce transition and higher productivity.

Taken together, these changes represent the common-sense reform to apprenticeships and skills that has been missing under the SNP.

Instead of skills funding being blocked in bureaucratic silos, it would be aligned directly with what employers actually need.

Growth Scotland would be accountable for clear responsibilities with clear outcomes, not the confused landscape the SNP have allowed to drift for years.





# Coordinating procurement and planning

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For large, long-term investors, the way major projects are planned and brought to market matters as much as the projects themselves.

In Scotland, responsibility for developing and delivering infrastructure is spread across multiple public bodies. Individual local authorities, national agencies and government directorates act as separate procuring authorities, each choosing its own procurement route within national rules. Planning consent is taken separately through statutory local or national planning authorities. These arrangements reflect legal responsibilities, but they also mean that procurement and planning decisions affecting the same project are often taken in parallel rather than as part of a cross Scotland strategy.<sup>xli</sup>

The Scottish Government has acknowledged that this environment is difficult for investors to navigate.<sup>xiii</sup> Whilst their launch of InvestScotland does provide a single place to view major investment opportunities and signals a clearer national pipeline.<sup>xiii</sup> This improves visibility, but it does not change how projects are developed once an investor engages. Projects listed through InvestScotland continue to be brought forward by different public bodies, procured through different commercial routes, and subject to planning decisions taken on separate timetables. Core features such as contract structure, risk allocation and delivery expectations are shaped at project level and poorly coordinated across the system.

Independent scrutiny has repeatedly highlighted the consequences of this approach. Audit Scotland has called for clearer and more consistent information on how infrastructure projects are prioritised, progressed and delivered, noting difficulties in tracking outcomes and understanding how decisions interact over time.<sup>xliv</sup>

The Infrastructure Commission for Scotland has argued that infrastructure planning and delivery would benefit from stronger public body coordination and clearer long-term frameworks.<sup>xlv</sup> Since then, the Scottish Government's fourth National Planning Framework has set a national strategy, but it has faced significant criticism and the Commission's core recommendation for an independent infrastructure advisory body has been ignored.<sup>xlix</sup> At a UK level, reforms to procurement law have been introduced to simplify and clarify contracting processes, including the repealing of over 350 individual regulations.<sup>xlix</sup> But the SNP's obsession with independence means Scotland is left with an EU framework which adds unnecessary complexity for suppliers and investors.<sup>!</sup>

That is why we would give Growth Scotland responsibility for major growth and innovation projects above a defined scale. Growth Scotland would maintain oversight of the national project pipeline, tracking projects from early development through planning, procurement and delivery.



A single national hub within Growth Scotland would manage investor engagement across the life of a project. The hub would provide a clear point of contact, set out procurement routes and indicative timelines, and support consistent approaches to risk allocation and contract structure where appropriate.

Planning decisions would remain with the relevant statutory authority, but their relationship to procurement and delivery would be visible from the outset and actively managed by Growth Scotland as projects progress. This approach is consistent with the role played by agencies such as Invest in Denmark, which supports investors across regions and coordinates engagement with multiple public authorities without overriding local decision-making.<sup>ii</sup>

Growth Scotland would identify where procurement timetables diverge from planning processes, where delivery models no longer reflect planning conditions, and where market conditions have shifted in ways that affect risk or affordability.

This is intended to prevent situations such as the Edinburgh Tram project, where procurement proceeded before design and utilities were resolved and the contract later proved incompatible with planning realities.<sup>iii</sup> Under this approach, misalignment between project readiness and delivery model would be identified earlier, allowing changes to be made before contracts were let or restructured mid-project.

Some progress has been made since the Edinburgh Tram project. The Procurement Reform (Scotland) Act 2014 requires contracting authorities to publish procurement strategies, report annually on their activity, and apply a statutory sustainable procurement duty.<sup>iiii</sup> But this reform governs how authorities run procurement exercises and how they report on them. They do not change the fact that local authorities, agencies and directorates act independently when designing projects, selecting contract models or sequencing procurement alongside planning.

To this day, evidence to the Scottish Parliament

highlights continuing inconsistency in approach across contracting authorities and the administrative burden placed on suppliers by repeated compliance requirements.<sup>lv</sup> Indeed, 62% of small firms say finding suitable public contracts is difficult, with 27% describing it as very difficult because the system is clunky and inconsistent, with different portals, forms, and rules across government departments.<sup>lv</sup>

This is why Growth Scotland would monitor how investment pathways, procurement routes and contracting approaches operate in practice across the public sector and identify where complexity, duplication or inconsistent practice creates avoidable friction for investors. Where patterns emerge, Growth Scotland would work with delivery bodies to streamline processes, encourage consistent use of procurement routes and contracting models, and reduce unnecessary variation in how similar projects are brought forward.

Where coordination issues arise, Growth Scotland would act as a liaison rather than a decision-maker. It would bring together the relevant public bodies, local planning authorities and investors to resolve issues early, before they require re-procurement, redesign or delay. This mirrors the role played by bodies such as Infrastructure North South Wales in Australia, which provides central coordination and oversight whilst maintaining regional autonomy.<sup>lvi</sup>

Where businesses repeatedly face the same low risk planning barriers, Growth Scotland could work with local authorities, key sectors and planning officials to identify categories of development that should move into permitted development rights.

Permitted development rights are the parts of the planning system that already grant Scotland-wide planning permission for specified low-risk works, so that a business can proceed without a full planning application if it stays within set conditions and limits.<sup>lvii</sup>

Expanding permitted development rights would reduce delay for routine forms of business investment that are broadly acceptable in principle and repeatedly approved in



practice. Where there is a clear case, Growth Scotland could widen permitted development rights nationally or promote standardised local approaches so that firms can invest, expand and modernise without being drawn into a full application process for minor and uncontroversial works.

Growth Scotland could also operate a formal mechanism with planning authorities to identify and release additional development sites between Local Development Plan reviews where a clear economic opportunity arises, or a demonstrable shortage of suitable land emerges during the plan period.

Local Development Plans are the statutory plans that allocate land and set the strategy for each planning authority area. Every one of Scotland's 32 local authorities and both national park authorities are required to prepare one, and under the current system they are prepared at intervals of no more than 10 years.<sup>lvi</sup>

Planning decisions are legally required to be made in accordance with the development plan unless material considerations indicate otherwise, which means that if the right site is not allocated, a viable project can still be slowed down by the plan cycle.<sup>lxxi</sup>

The Scottish Government has now introduced regulations allowing Local Development Plans to be amended between full reviews. But this process is initiated by local authorities or ministers rather than investors which leaves room for a clearer, more investor-focused route for doing so where the economic case is strong.<sup>lxxiii</sup>

If an investor, manufacturer or employer can show that the land allocated in the current plan is unavailable, unsuitable or insufficient, Growth Scotland would be able to convene the authority, assemble the economic evidence and support a fast-track allocation.

This would give the system a clear route to respond when a viable investment depends on land being brought forward quickly.

Ultimately, Growth Scotland would be accountable for sequencing and system



performance across major projects. By combining active coordination with system-level learning and local autonomy, this approach makes Scotland easier to invest in at scale without weakening community oversight.

A further weakness in the current landscape concerns how public contracts interact with workforce development. Under the Procurement Reform (Scotland) Act 2014, where a contracting authority proposes a regulated procurement with an estimated value of £4 million or more, it must consider whether to include community benefit requirements and publish either a summary of those requirements or its reasons for not doing so.<sup>lxiv</sup>

The Act defines community benefit requirements broadly as contractual obligations intended 'to improve the economic, social or environmental wellbeing of the authority's area in a way additional to the main purpose of the contract.'<sup>lxv</sup>

In practice, this definition is so expansive as to be near-meaningless, allowing contracting authorities and suppliers to satisfy their obligations through gestures of negligible impact. Reported community benefits across Scottish public bodies have included the provision of litter-picking materials to volunteers, the recycling of old carpets from a floor coverings contract, and the use of fuel-efficient vehicles in transport contracts.<sup>lxvi</sup>

These are not isolated examples; they are symptomatic of the SNP spending two decades focusing on virtue signalling instead of our economy. As we argued in *Our New Plan to Put the Economy First*, economic growth cannot be built on a foundation of wellbeing metrics that reward performative compliance over genuine workforce development and skills investment.<sup>lxvii</sup>

The current framework permits - and arguably incentivises - a box-ticking approach in which a handful of school visits or a vague promise of 'business mentoring' is treated as equivalent to meaningful employment and training outcomes.

Indeed, evidence suggests that community benefit expectations are often left too open at tender stage and not followed through

in delivery. Research on community benefit clauses in Scotland highlights a risk of 'inflated' targets in a tender 'bidding war' if commitments are not tested for deliverability, and it also finds that procuring organisations have not typically required contractors to monitor outcomes, making longer-term impact harder to evidence.<sup>lxviii</sup>

More recent evidence to Parliament reiterates concerns about assurance, with SCVO stating it is unclear what level of independent auditing takes place to ensure reported community benefit outcomes are met.<sup>lxix</sup> The Scottish Prison Service have noted that 'often bidder responses contain future aspirations rather than clear deliverables.'<sup>lxx</sup>

The Scottish Conservatives would address this by changing contracts to include workforce requirements called Growth Conditions. We would trial contracts above a defined value including a set of measurable workforce outcomes, such as job and apprenticeship provision, that would be written into the procurement documents and the contract. This would mean a supplier cannot win while relying on a delivery model that avoids local recruitment, training, or subcontracting, because those outcomes become part of what is being purchased.

Such a framework is already being trialled in Helsinki and means that public procurement would directly drive workforce development in the areas where contracts are delivered.<sup>lxxi</sup> Growth Conditions make local recruitment, training, and subcontracting part of the service itself. Every contract above the threshold becomes a vehicle for skills investment, supply chain development, and job creation, with outcomes that can be measured, reported, and enforced.

This matters because Scottish businesses are increasingly losing public contracts to larger firms competing primarily on <sup>lxxii</sup> A multinational or distant contractor can undercut local suppliers by drawing on existing workforce capacity elsewhere, minimising its presence in Scotland by treating community benefit commitments as low-effort optional extras.



Alexander Dennis, Scotland's largest bus manufacturer, illustrates the consequences of this imbalance. When competing for bus contracts under ScotZEB, Alexander Dennis was required to meet the Scottish Government's costly Fair Work First standards. Yet those same requirements did not apply to manufacturers based outside the UK, meaning Chinese competitors such as BYD and Yutong could undercut on price without bearing equivalent workforce obligations.<sup>lxxiii</sup>

Future Economy Scotland's analysis of the ScotZEB scheme found that while the tender process did include criteria for job creation and wider community benefits, the weighting of just 10 per cent was far too low to counterbalance the cost advantages of overseas suppliers, and the design of the scheme arguably prioritised the cheapest bids regardless of where the buses were made or the domestic economic benefits they could generate.<sup>lxxiv</sup>

The result was that Chinese manufacturers' share of the UK bus market rose from 10 to 35 per cent, whilst Alexander Dennis announced plans to close its Falkirk and Larbert production facilities, putting 400 Scottish manufacturing jobs at risk.<sup>lxxv</sup>

Whilst the contract was delivered, the jobs, training places, and subcontracting opportunities that could have supported local firms and workers went abroad. A Scottish business was squeezed out even though it had the capability and proximity to deliver.

Growth Conditions change this. When local recruitment, training, and subcontracting are contractual requirements rather than scored preferences, a firm with existing workforce capacity in Scotland, established relationships with Scottish subcontractors, and the ability to recruit and train locally can meet these conditions at lower cost and lower risk than a distant competitor that would need to build that capacity from scratch.

The local firm's proximity becomes a delivery advantage that the procurement process recognises and rewards without excluding international businesses keeping Growth Conditions compliant with international trade agreements.<sup>lxxvii</sup>

The result is more of the supply chain in Scotland which strengthens our economy and provides jobs.





# Fixing Non-Domestic Rates

For many businesses, the decision to invest or expand is shaped as much by fixed operating costs as by access to finance or skills. Business rates sit at the centre of those decisions. Business rates are a fixed cost, paid regardless of profitability, and they inevitably shape decisions about whether to invest, expand or remain in place.<sup>lxxviii</sup>

Because Growth Scotland is designed to align business support, skills and capital around growth, the structure and operation of the rates system matters. Where business support encourages investment, but the tax system penalises it, policy works against itself. In Scotland, the operation of the rates system has combined sharp revaluations with weak accountability over how liabilities are determined, creating uncertainty and discouraging investment.<sup>lxxix</sup>

Responsibility for valuation sits with local assessors. Scotland has 14 Assessors responsible for valuing all non-domestic property, with ten appointed through Valuation Joint Boards and four appointed directly by individual councils. Each Assessor compiles and maintains the Valuation Roll used to determine rateable values for business rates, and each act as an independent statutory official under existing law.<sup>lxxx</sup>

Assessors are voluntary members of the Scottish Assessors Association, which facilitates consistency of approach across offices, but there is no formal mechanism for national oversight of performance, transparency or fairness beyond this professional coordination. Neither local authorities nor ministers can intervene where valuations appear inconsistent or unjust.<sup>lxxxi</sup>

The only route to challenge business rates is through appeal to the Local Taxation Chamber of the First-tier Tribunal for Scotland. In practice, this provides limited recourse. According to the Scottish Tribunals Annual Report 2023–24, more than 90 per cent of non-domestic rates appeals are dismissed or withdrawn before being heard.<sup>lxxxii</sup> Appeals that do proceed rarely succeed. There is no ombudsman, no ministerial review, and no parliamentary oversight of valuation fairness or consistency. Assessors are audited for process, but not for the distributive effects of their decisions.<sup>lxxxiii</sup>

This leaves a structural gap within Scotland's growth framework. A small number of unelected officials exercise decisive influence over the tax base faced by businesses, while the institutions responsible for growth policy have no ability to ensure that valuation practice supports investment, expansion or productivity. No other tax authority in the UK operates with comparable discretion and such limited external scrutiny.<sup>lxxxiv</sup>

These issues are widely recognised and following the Barclay Review of Non-Domestic Rates in 2017, the Scottish Government did introduce reforms focused on the appeals process. From 2022, challenges moved to a two-stage system requiring an initial proposal to the Assessor before access to the tribunal.<sup>lxxxv</sup> These changes altered how valuations are challenged, but they did not change how valuations are governed or how the system relates to growth policy.

The Scottish Conservatives would address this by merging Scotland's 14 separate Assessors into a single national valuation body. At present, 14 different Assessors apply varying interpretations of how local taxation is assessed



depending on where you are in Scotland. We do not believe that is right. A single body would ensure consistent treatment for every business and taxpayer regardless of location as well as matching best practice established elsewhere in the UK.<sup>lxxxvi</sup>

The national body would be led by a Chief Assessor, appointed from within the profession, who would issue guidance on valuation practice, resolve inconsistencies between offices, publish national standards, and provide a formal route for resolving disputes about interpretation or process before cases reach the tribunal system which would improve the legal remedies available to businesses.

Business rates also shape investment behaviour. Investment is central to productivity growth, and evidence shows that the UK's weak productivity reflects low levels of investment. A report by the LSE and UKRI found that 'the UK has weak productivity because it has chosen to make fewer investments.'<sup>lxxxvii</sup>

Businesses identify the design of the rates system as part of that problem. In a report on business rates and investment, BT argued that increases in rateable value arising from investment represent 'a significant additional cost burden that would, at the very least, lead some businesses to rethink their investment plans.'<sup>lxxxviii</sup>

The Scottish Government is not entirely unaware of this issue. The Business Growth Accelerator relief, introduced following the Barclay Review, provides a 12-month freeze on rates increases for properties that undergo physical improvements.<sup>lxxxix</sup>

But twelve months is a fraction of the typical investment cycle. A business undertaking a significant refurbishment or expansion will ordinarily expect returns to accumulate over several years, not one. Businesses consistently emphasise that a 12-month window does not provide sufficient incentive precisely because investment cycles are longer.<sup>xc</sup> Once the relief expires, the full increased rateable value applies regardless of whether the investment has yet generated the returns that would allow the business to absorb a higher tax burden.



The Scottish Conservatives understand that investment carries cost and risk, and that returns are realised over time. That is why we would extend the Business Growth Accelerator relief from 12 months to three years, giving businesses a realistic window in which to realise returns before any increase in their rates liability takes effect. Investment decisions should be shaped by commercial opportunity, not constrained by the knowledge that improving a property triggers a permanent increase in a fixed cost long before that investment has paid back.

Finally, we would limit the scale of change when business rates revaluation occurs. Recent revaluations have produced large and sudden increases in rates bills for some businesses, creating cashflow shocks unrelated to trading performance or underlying market conditions.

Uncertainty matters as much as cost. Businesses can adapt to challenging conditions where those conditions are predictable. They cannot plan effectively where liabilities change sharply and without warning. The most recent revaluation cycle has shown that this risk remains embedded in the system. Some businesses have faced increases of several hundred per cent over a short period, despite no material change to the property they occupy or the way it is used.

The Barclay Review recommended moving from a five-year to a three-year revaluation cycle to improve accuracy and reduce volatility.<sup>xcii</sup> That change was well intentioned, but experience has shown that shorter cycles alone do not prevent large and disruptive movements in liability. Revaluation continues to expose businesses to sudden increases that bear little relationship to their capacity to absorb them.

The Scottish Government's response has been to reach for transitional relief. The fact that this tool has become a fixture of every revaluation cycle is itself telling. It is a standing admission that the system routinely produces unacceptable outcomes, managed after the fact rather than addressed at source.

Even on its own terms, transitional relief is more limited than it appears. The scheme caps a

business's bill increase to a defined threshold. This is meant to smooth the increase over three years, but arbitrary choices the SNP have made mean a significant band of real and damaging increases receives no protection at all. For the 2026 revaluation, the capped rise to a business's gross bill in year one is 15 per cent for properties up to £20,000 RV, 30 per cent for those up to £100,000 RV and 50 per cent for those over, rising in subsequent years.<sup>xcixxciii</sup>

A pub with a RV of £30,000 facing a rates rise of 150% would get an increase to £39,000 in 2026-27, £43,200 in 2027-28, £52,500 in 2028-29, and then £75,000 in 2029-30. Transitional relief does not reduce the bill; it merely staggers the route to a higher one. This is not protection. It is a delayed bullet.

We would address this directly by introducing a permanent cap on increases arising from revaluation where there has been no material change to a property.

Unlike transitional relief, this would be a structural protection embedded in the system rather than a temporary mitigation applied after each revaluation. A business that has not altered its property, changed its use or materially improved its operations would know in advance the maximum possible change it could face at revaluation.

That certainty would allow it to plan investment, staffing and cashflow decisions over the medium term, rather than reacting to unexpected shocks. It would ensure that no firm faces an unmanageable increase that is disconnected from economic reality.

Under this approach, businesses would know in advance the maximum possible change they could face at revaluation. That certainty would allow them to plan investment, staffing and cashflow decisions over the medium term, rather than reacting to unexpected shocks.

Valuation governance, investment incentives and revaluation outcomes would work together with business support, skills policy and taxation under this framework rather than one policy area undermining another.

# Conclusion

The proposals in this paper would end the fragmentation facing businesses that has held Scotland's economy back.

Business support, skills, infrastructure coordination and business rates would sit within a single system, with clear accountability and a relentless focus on outcomes.

Businesses would no longer navigate a maze of agencies to find help, be locked out of training by arbitrary caps, or face punishing tax increases for the sin of investing in their own premises.

These are practical, deliverable changes and each one removes a barrier that the SNP has allowed to persist while it focused on everything but the economy.

They reflect a belief that government should be organised around what actually improves people's lives - not around bureaucratic convenience or constitutional obsession.

**20 / Growing a Productive Scotland**

We know that when businesses are backed to grow, the benefits flow outward: more jobs, higher wages, stronger communities and more money to invest in the public services people rely on.

That is what the policies set out in this paper will deliver.

Not more division and waste but a government that exercises fiscal responsibility, spends taxpayers' money wisely, cuts red tape and trusts people to pursue their own aspirations.

A government that understands that growing the economy is how we fund faster GP appointments, raise school standards and improve the local services that matter most to people's daily lives.

It's time to back business, reward investment and get Scotland growing again.



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Scottish  
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**Common sense**  
for a change The logo symbol for the Common Sense campaign, consisting of three stylized arrows pointing to the right. The first arrow is red, and the other two are blue.