



WHY EDINBURGH MATTERS

2021 Scottish Election Priorities

FOREWORD

A global scientific collaboration without parallel has delivered a raft of effective vaccines to tackle Covid 19 in just one year. For our nation and its Capital to ensure its best recovery from this awful year – with its loss of lives and livelihoods – we will also require the kind of collaboration we have not witnessed before.

The new Scottish Government, alongside the City of Edinburgh Council, will play a vital role in our recovery. Working collaboratively across all areas of the economy will be the only way to ensure Edinburgh maintains its position as Scotland’s economic powerhouse and the UK’s most productive city outside London.

Edinburgh Chamber of Commerce has consulted widely with its members throughout the pandemic. This document has been drawn up based on what businesses are telling us they need from a new, collaborative and engaged relationship if Scotland’s Capital is to emerge stronger and more sustainable.



Photo by Gaelle Beri



A handwritten signature in black ink, appearing to read 'Jane Clark-Hutchison'.

JANE CLARK-HUTCHISON
PRESIDENT

EXECUTIVE SUMMARY

The City's economic and employment recovery from the impact of the Covid 19 pandemic will be led by the city's private sector – it is businesses who create growth, jobs and opportunities.

But we also need our policy-makers to create the right environment for growth. There is much the incoming Scottish Government can do to speed and strengthen our recovery. We need to work together as never before.

The scale of the challenge is huge. Since the start of restrictions in March 2020, footfall in the city centre has fallen by 66% with a 2 million decrease in July and August. The Universal Credit claimant count has increased 172% since February, with over 22,200 unemployed. Our live Festivals were cancelled in 2020 and the hospitality sector has virtually closed. Hotel & hospitality bodies estimate recovery to pre-Covid levels will take until at least 2023. The level of business failure is expected to rise and the level of debt incurred by many businesses will impact investment and employment over the coming years.

In the face of all this, the need for a "good recovery" for Edinburgh is overwhelming.

The city's contribution to the GDP of both Scotland and the UK demands real focus on bringing Scotland's Capital out of the pandemic as quickly and strongly as possible. Business stands ready to play its part, but we need local and national government to be engaged, to listen, and to act. We are seeking to:

- Reposition the economy as a priority for our policy makers. Placing our economy at the heart of our efforts to tackle societal issues such as poverty and sustainability will enable collective leadership and genuine progress.
- Work with our network partners to provide resource and expertise to accelerate economic recovery and growth as we emerge from the Covid 19 pandemic, reflecting Edinburgh's position as the capital of Scotland, as a major UK city and as a global centre.

In all of this, we want to ensure ambitious national and city targets for Inclusion and Net Zero Carbon are at the heart of the future economic direction for the city.



A handwritten signature in black ink that reads "Elizabeth McAreavey". The signature is fluid and cursive, with a long horizontal line extending from the end.

LIZ MCAREAVEY
CHIEF EXECUTIVE

THE SCALE OF THE CHALLENGE

The contribution Edinburgh makes goes far beyond the city, and has a significant impact on the wider Scottish and UK economies.

Edinburgh city region is Scotland's biggest economic driver, and all forecasts suggest that trend will continue. Scotland's economic health requires a thriving Edinburgh.

These three regions are expected to account for 84% of the net additional jobs in Scotland to 2027.

84%

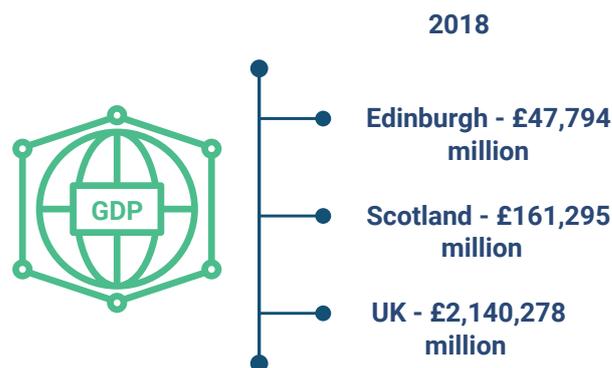
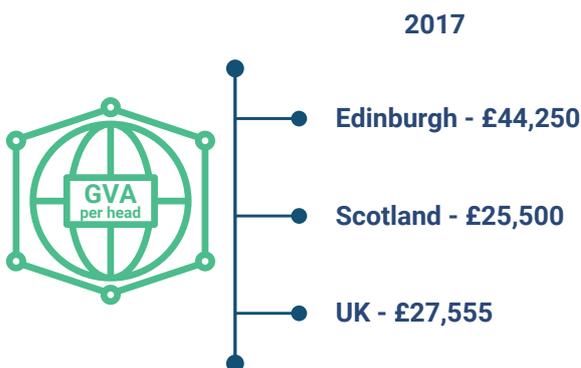
EDINBURGH
GLASGOW
ABERDEEN



Percentage of Scottish jobs located in Edinburgh



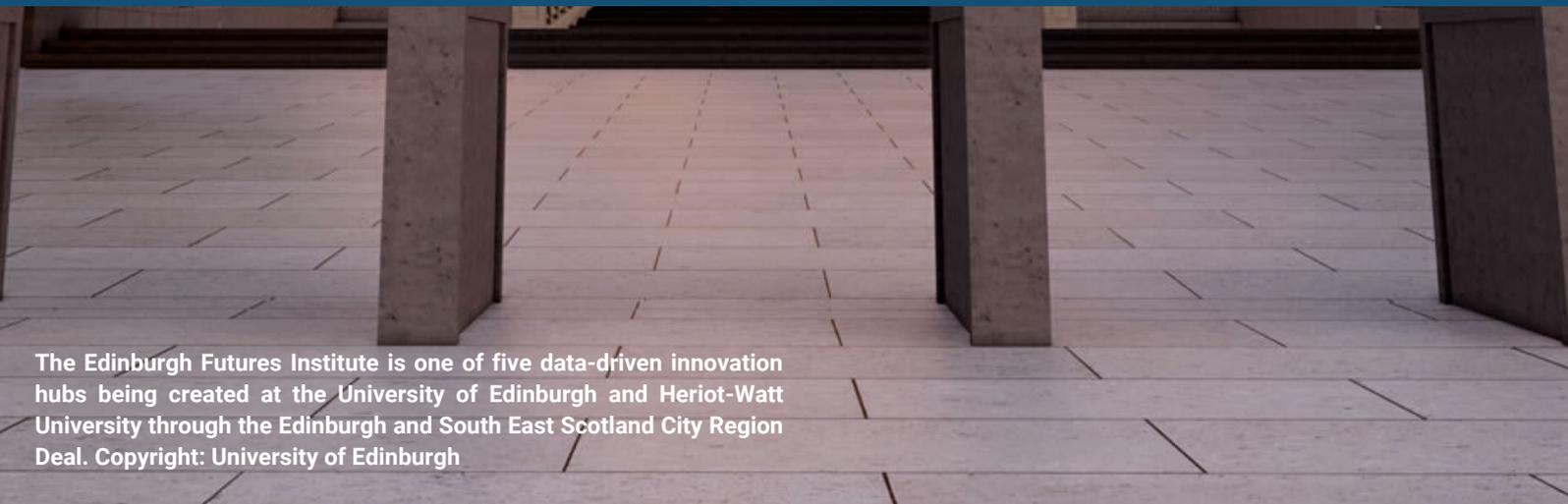
Over the mid and long term the greatest requirement is forecast to be for skilled workers with higher education level (SCQF 7+) qualifications in the City Region



The Edinburgh City Region contributes nearly 30% of Scotland's GDP and 2.2% of the UK's GDP



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The Edinburgh Futures Institute is one of five data-driven innovation hubs being created at the University of Edinburgh and Heriot-Watt University through the Edinburgh and South East Scotland City Region Deal. Copyright: University of Edinburgh

HITTING THE RESET BUTTON



Edinburgh has been identified as a city with a resilient local economy due to its wide sector mix. That is not to say the city does not have big issues to face, for example - and in particular - in tackling the enormous damage wrought on the Capital's hospitality and tourism sector.

Unemployment claimants have soared, high numbers remain on furlough. Young people, particularly young females, have been disproportionately affected through the impact on the hospitality sector.

We would like to establish, along with the Scottish Chambers network, a Joint Economic Partnership with the Scottish Government, bringing together expertise from public, private and other sectors.

To create the greatest momentum for recovery the relationship between public and private sectors needs to be reset. Working in close harmony will reap enormous rewards as we seek to bounce back, better than ever.



In 2019 more than 1 in 6 jobs in Edinburgh were in accommodation, retail and food services



UNBURDENING BUSINESSES TO GROW

More needs to be done if we are to accelerate the re-opening and recovery of our city. Huge levels of business debt have accumulated which risks stifling investment; innovation, restructuring and support will be needed to help organisations manage that debt.

There is a pressing need to create a policy environment that is simpler, more agile, and supportive of businesses as they seek to kickstart, to create growth, new jobs and

opportunities, and help to reskill and up-skill people to fill those jobs.

We need to encourage and promote a circular local economy, designed to keep “pent-up” spending focused on supporting local businesses. And we need to see investment in Research and Development that helps fuel Edinburgh’s status as Britain’s best city for business start-ups, with twice the national average rate. We need greater support for our successful incubator and accelerator programmes.

To achieve this, we are seeking:

- A new and more enlightened approach to business rates levying and relief, looking at a radical change to the taxation base away from property focused to a more mixed and transactional basis. Focus should be given to supporting those sectors – such as hospitality and tourism – worst hit by the pandemic.
- To maintain reduced levels of VAT for those sectors worst hit.
- Support for businesses to deliver net zero transition through a range of support and incentive measures, and to fully leverage opportunity presented through hosting the UN Climate Change COP26 conference later this year. We support the Chamber network view that more needs to be done to support SME Directors to build sustainability into their growth plans.
- International business is vital to Edinburgh. We fully support – along with the Scottish Chambers network – an “international travel restart plan.” Edinburgh International Airport, which has been a major engine for international trade through developing strategically important routes, has seen passenger numbers drop by 90 per cent.

Whilst we support the Scottish Chambers Network in their stance against any additional new business tax, we would clarify one point: the proposed Transient Visitor Levy may help to speed recovery for our hard-hit tourism and hospitality industry, BUT ONLY if monies raised through its introduction are ring-fenced to support the sector in its recovery.

Businesses want to bounce back better. They are supportive of creating a more inclusive, more sustainable future for us all. To deliver, the businesses themselves need to be sustainable – and a more collegiate and collaborative approach will help to deliver a business landscape which gives them greater freedom to grow.



The Scottish Chamber network is calling on the new Scottish Government to create a Scottish Aviation Strategy designed to recognise this vital sector and act to aid its growth and recovery.

Did you know:

- **In 2019, Edinburgh International Airport generated £1.4 billion GVA**
- **Spending by overnight and day tourists in Scotland was around £10.4 billion in 2018**
- **The airport supports 28,000 jobs in the Scottish economy**

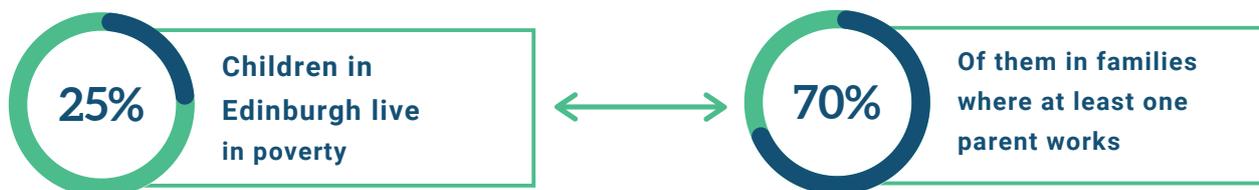


SKILLS MEAN JOBS

Edinburgh projects a population growth of 1% per annum for the next 30 years (double the national average) suggesting it will be the most populous city in Scotland by 2045. However, we have what is called a 'double hump' economy, with a high number of people earning low wages (15% earn below the living wage of £9.50/hour) and a high number of people earning high wages (the second highest average earnings in the UK behind London).

We need to address the gap between the curves, creating more mid-salary jobs to provide a more accessible route for progression for our citizens. We need to help businesses to provide these – for example, by upskilling our tech capability we believe we will enable people to move between the curves in a way that currently is not possible.

We are also a city with unacceptable levels of poverty and inequality - over 25% of children in Edinburgh live in poverty, and over 70% of these are in families where at least one parent is working. As a business community we need to lean into this if we are to build 'forward' the kind of economy and society we want for Edinburgh. So...there is much to build on.



Businesses want:

- More coherent, collaborative and joined up activity between agencies, governments and educators.
- Increased investment in transferable skills – especially digital – to facilitate routes to progression. A cross sectoral approach is required.
- Greater support for older cohorts, women returners and lifelong learning to ensure we are harnessing skills and talent at all life stages.
- Initiatives to target young people at an earlier educational stage to build a longer-term skills pipeline.

With our colleagues in the Scottish Chamber network, we are asking the next Scottish Government to commit to making a Workplace Transition Fund available to support businesses seeking to upskill and reskill employees to meet new working models and practices to fuel future growth.

We would also like to see a long-term commitment to the Developing the Young Workforce initiative, given the disproportionate impact on young people of pandemic job losses and the difficult labour market and the further development of the national apprenticeships programmes.



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CONNECTIVITY, INFRASTRUCTURE AND INVESTMENT

Edinburgh has the most educated workforce in the UK, a world leading University (one of the world's top 20) driving data driven innovation, a flourishing tech sector, is a Global Centre of Excellence for Open Banking, and was named Best City for Start Up in the UK.

Through the Edinburgh and South East Scotland City Region Deal, the University of Edinburgh has delivered data science skills to over 100,000 people in its first two years, supported over 50 new companies, created over a thousand new jobs and attracted tens of millions of inward investment.

Edinburgh is the 2nd most visited city in the UK behind London. Tourism income to the city amounted to £1.7 billion in 2019, and around half of visitors to Edinburgh are from overseas.

These factors and more combine to ensure Edinburgh remains an attractive city for investors, as evidenced by the transformational £1billion Edinburgh St James which is creating an entire new city block and thousands of new jobs in the process.

Further major development applications are in process designed to bring new jobs, opportunities and prosperity.

To ensure we continue to attract international investment in the post-pandemic era Edinburgh needs to develop a new, cohesive, agile mindset in terms of supporting identified growth sectors, in physical and digital development.

With the Scottish Chambers network, we want to see the next Scottish Government:

- Continue to invest in technologies that underpin digital infrastructure such as data, AI, and the internet of things; and adopt a more consistent approach to learning digital skills across our education system.
- Create a Scottish aviation strategy to help our aviation sector restore itself. Edinburgh Airport is a major component in the capital's local economy and is the main international gateway to Scotland.
- Facilitate the acceleration of Scotland's full fibre digital rollout. The city needs to lead on world-class digital infrastructure to underpin the city's capability to attract international business and to support new, flexible business models.

In addition, we believe that continued investment in our city's physical infrastructure would be greatly enhanced through the creation of a planning and pre-development regime that helps developments which aspire to meet the city's sustainability and inclusion standards move at pace.



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ENSURE OUR BEATING HEART IS HEALTHY

Our city centre needs to be supported. It is the beating heart of Scotland's Capital, and it is essential to the economic, cultural, social and emotional health of our city.

There is no doubt that the city centre has suffered disproportionately through the pandemic restrictions, with hospitality, tourism, retail and offices effectively shut down for a year. Help is needed to ensure the centre recovers to good health.

Measures need to be introduced to ensure the growing focus on "20-minute neighbourhoods" is not pursued to the detriment of our city centre, which is vital to the economic, cultural and social well-being of the wider city.

55%

EDINBURGH FOOTFALL WAS CONCENTRATED IN THE BUSINESS IMPROVEMENT DISTRICT AREA (2018)



Hotel occupancy rates have fallen dramatically due to the pandemic



We would like to see:

- The roll-out of city centre recovery plans through the provision of financial incentives and grants to small businesses to support recovery.
- Policy designed to help build-back our globally recognised culture, festivals and events sector.
- Continued support delivered through supportive business taxation measures to assist our retail and hospitality sector kick start.

The Scottish Government must not lose focus on the importance of city centres, and of the need to support businesses as city centres are reinvented as experiential environments.



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Edinburgh

CHAMBER OF COMMERCE

Inspiring Connections



To engage with our policy team, please contact:
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