

ECONOMIC GROWTH & THE DEVELOPMENT SECTOR FACTSHEET

Economic Growth

Since first elected in 2007, the Government's purpose has been increasing sustainable economic growth. All activity undertaken by the Government is focused on supporting this aim, in order to make Scotland a more successful country. The Government's Economic Strategy¹ sets out its priorities to accelerate economic recovery, create jobs and promote growth. Throughout the Government's economic narrative, planning is featured as a crucial enabler to delivering the development which can create that growth.

The importance of development

The development industry is a major contributor to the Scottish economy, both in terms of wealth generation, and in terms of job creation:

- The construction sector is responsible for approximately 8% of GVA (Gross Value Added) in Scotland.
- It is estimated that in 2011 construction will account for approximately 137,000 jobs in Scotland. The sector also supports more jobs in the wider supply chain (eg surveyors, architects, planners)²
- It is estimated that for every 9 homes built, one apprenticeship is created³.

The construction of high quality built space, is vital in attracting inward investment to Scotland. Businesses seeking to locate in Scotland require premises and accommodation for their workers.

Challenges for the sector

In recent years, the development sector has been hard hit by the global banking crisis, and subsequent recession.

- Many developers are now struggling to secure finance to fund their enterprises, due to risk averse lenders.
- Upfront costs are therefore, now, more difficult for developers to meet.
- Likewise, any unforeseen or additional costs can have a critical impact on whether a development proceeds or not.
- Delays can have cost implications, which also seriously impact on development being delivered.

Supporting development

The planning system guides the future development and use of land, ensuring that this occurs in suitable, sustainable locations. It provides strong support for economic development, where it is consistent with other national and local policies. It also has an important role to play in supporting a competitive Scotland by determining planning applications for economic development in an efficient, predictable and consistent manner, on the basis of positive and up-to-date development plans.

¹ Government Economic Strategy can be found <http://www.scotland.gov.uk/Publications/2011/09/13091128/0>

² Fraser of Allander Institute: <http://www.strath.ac.uk/frasercommentary/>

³ Homes for Scotland - <http://www.homesforscotland.com/Home.aspx>

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The Government has been leading a range of work to ensure that the planning system can assist in delivering good development, and that planning can support development even in challenging times⁴.

Delivery requires all of us to play our part. This involves:

- Working in partnership, with developers, and across agencies and departments to support and influence good development in the right places;
- Providing certainty through consistency of advice, process and decision-making. Business values certainty. If developers are clear about expectations on them from the outset, they can adjust their business plans accordingly and pursue their proposals with a degree of confidence. It is the downstream 'surprises' and additional or unexpected requests which can cause delays and disputes, and incur costs for all;
- Good communication – setting out what we will do, why and by when. Equally, maintaining contact and availability throughout the process can greatly assist;⁵
- Aligning resources to priorities - ensuring we focus our efforts on the most important activities, and that the activity we engage in is proportionate;
- Adopting a culture of urgency across all activity. Delays cost both private and public sector money.

⁴ Link to government webpage <http://www.scotland.gov.uk/Topics/Built-Environment/planning>

⁵ Processing agreements, and business management tools such as the Edinburgh Concordat are examples of how transparency in process can assist:

Processing Agreements - <http://www.scotland.gov.uk/Publications/2009/07/03153034/9>

Edinburgh Concordat - http://www.edinburgh.gov.uk/download/downloads/id/2434/edinburgh_planning_concordat