

# **Business and Regulatory Impact Assessment**

**Making Scotland's Future:  
A Recovery Plan For Manufacturing**

**December 2020**

## Partial Business and Regulatory Impact Assessment

**Title of Proposal: Partial BRIA for the launch of 'Making Scotland's Future: A Recovery Plan For Manufacturing' (consultation draft published 4 December 2020)**

### **Purpose and intended effect**

Making Scotland's Future: A Recovery Plan For Manufacturing sets out a comprehensive agenda for the next year which includes a series of actions for public agencies, industry and academia to take forward by the end of 2021. These actions are designed to secure a strong, sustainable future for the manufacturing sector in Scotland.

### **Context**

In line with the report of the [Advisory Group on Economic Recovery](#), which recommended that bespoke sector recovery plans are put in place, Making Scotland's Future: A Recovery Plan For Manufacturing proposes a series of targeted actions for public agencies, industry and academia to take forward by the end of 2021. They are designed to secure a strong, sustainable future for the manufacturing sector across four inter-dependent priority areas:

- Collaboration and networks
- Supply chains and competitiveness
- Adaptation and transformation
- Skills and workforce

The plan contains a number of both immediate actions, and longer term actions. Immediate actions have the full support of industry representatives involved in their development and reflect the urgency of certain activity needed as the economic crisis continues to evolve.

Manufacturing is a key source of business research and development, and of high-quality employment. Pre-COVID-19 figures show the sector was worth £12.5 billion in Gross Value Added (GVA) – approximately 13% of total GVA – and employed approximately 170,000 people, many in highly-skilled jobs.

Like many parts of the economy, however, manufacturing has been deeply affected by the COVID-19 pandemic. The manufacturing sector, its workers and those tasked with supporting them face the greatest challenge in generations. What began as a public health crisis has become a global economic crisis – growth has stalled, businesses have had to close and there have been many job losses with the likelihood of more to come.

The work of Scotland's manufacturers and their workforces that are, and have been, involved in supporting essential sectors throughout this COVID-19 crisis demonstrates the sector's innovation, skills and expertise. The manufacturing

sector's commitment to keeping the country running is hugely appreciated, with particular praise due to companies who have scaled-up or repurposed to manufacture vital supplies for the health sector.

We want a strong manufacturing sector to help drive Scotland's economic recovery and future prosperity.

Making Scotland's Future: A Recovery Plan For Manufacturing has been developed in collaboration with public and private sector partners including significant input from industry. An initial document, published in early December 2020, will be the subject of rapid engagement with the sector's stakeholders before being finalised in February 2021.

### **Objective**

The objective of launching Making Scotland's Future: A Recovery Plan For Manufacturing is to support the manufacturing sector in Scotland as it recovers from the impacts of the COVID-19 pandemic. It has been developed by the Making Scotland's Future Programme Board whose membership comprises of senior representation from: Scottish Engineering Trade Association; Trade Unions as nominated by the STUC; Scottish Economic Development and Skills Agencies; Innovate UK/Made Smarter; and Scottish Government.

It sets out a series of actions to be taken forward over the next year which are designed to ensure that Scottish manufacturing is best placed to respond to the challenges it faces and to build towards a strong and sustainable future for the sector in Scotland.

### **Rationale for Government intervention**

The COVID-19 pandemic has been an unprecedented public health crisis, the response to which has resulted in an economic crisis. Manufacturing, along with many other parts of the economy, has been severely impacted by this crisis with businesses closing, jobs being lost, and the potential of further closures and job losses to come.

As the sector moves forward from the disruption caused by the pandemic it is critical that support is provided to enable Scottish manufacturers to recover and to safeguard businesses and jobs in the sector.

### **Consultation**

Making Scotland's Future: A Recovery Plan For Manufacturing has been developed by the Making Scotland's Future Programme Board whose membership comprises of senior representation from: Scottish Engineering Trade Associations; Trade Unions as nominated by the STUC; Scottish Economic Development and Skills Agencies; Innovate UK/Made Smarter; and Scottish Government.

A wider consultation is being conducted to inform the final version of the plan which will be launched in early 2021.

## **Within Government**

The following directorates and agencies are involved in Making Scotland's Future Programme Board and we may approach them in order to inform the preparation of the final BRIA:

- SG Office of the Chief Economic Adviser
- SG Directorate for Energy and Climate Change
- SG Directorate for International Trade and Investment
- SG Scottish Procurement and Property Directorate
- Economic Development and Skills Agencies

## **Public Consultation**

A [public consultation](#) on the draft Making Scotland's Future – A Manufacturing Recovery Plan is being carried out via the Citizen Space website.

The draft plan has also been published online on the SG website with a facility for members of the public to issue comments to a Scottish Government mailbox.

## **Business**

There has been significant industry involvement in the development of the plan through representation on the Making Scotland's Future Programme Board. Further to this businesses and trade bodies have been invited to respond to the wider consultation on the plan.

The final version of the plan, due to be published in early 2021, will take account of all responses to the consultation.

## **Options**

### **Option 1: do nothing**

Do nothing is not a realistic or viable option. If no support is provided to manufacturers as they move forward from the disruption caused by the pandemic there is a real danger of further business closures and job losses. Supply chain impacts caused by closures could have a knock-on effect and further devastate the sector in Scotland. This will be emphasised by potential forthcoming impacts for the sector such as the EU exit.

### **Option 2: Publish our agenda, developed in partnership with industry, public sector and academia, to support the sector to recover over the next 12 months.**

The agenda set out in the plan will provide a structure to support the sector to work collaboratively and adapt to the challenges faced as it recovers from the impacts of the pandemic. It sets out actions which will strengthen Scottish manufacturing and help it to take advantage of any opportunities that are presented as it rebuilds to help ensure a stronger and more sustainable future

### **Sectors and groups affected**

Those likely to be affected by the publication and implementation of the plan will be as follows: manufacturers (employers), employees and contractors, trade unions, suppliers, delivery companies, customers.

## **Benefits**

### **Option 1: benefits**

There are no realistic benefits to option 1. Doing nothing could exacerbate an already difficult situation facing the manufacturing sector.

### **Option 2: benefits**

The actions set out in Making Scotland's Future: A Recovery Plan For Manufacturing will help Scottish manufacturers to work collaboratively, building networks and strengthening supply chains. They will provide a platform for companies to take advantage of new technologies and training opportunities.

## **Costs**

### **Option 1:**

- The cost of doing nothing could be significant. Businesses could be forced to close with subsequent job losses and supply chain impacts. This could result in increased unemployment and a long-term loss of jobs as customers moves away from Scotland to source products elsewhere. This could be particularly damaging to Scottish manufacturing's future prospects as, historically, business that has been lost from Scotland has been very difficult to recover.

### **Option 2:**

- The programme is being delivered through the reprioritisation of resourcing, in the form of staff time, from all partners involved and within their own respective organisations. There is currently no additional capital or resource budget allocated to this programme but actions are being delivered through a collective recognition of the need to support the economic recovery of the sector.
- There will also be associated cost benefits seen in the reduced unemployment and supply chain opportunities caused by a vibrant manufacturing sector.

## **Scottish Firms Impact Test**

The Making Scotland's Future Programme Board comprises representatives from trade associations, trade unions, government departments and economic development and skills agencies, ensuring that differing views and issues have been addressed. There will also be a wide consultation on the plan, encompassing firms across Scotland.

The plan provides a clear and direct agenda for taking forward a series of actions to benefit all companies operating in the manufacturing sector in Scotland. These have been developed bearing in mind that the benefits should be felt throughout all firms across Scotland.

### **Competition Assessment**

We do not foresee significant competition issues within the Scottish manufacturing sector, as the actions within the plan are intended to apply across the entire sector and the benefits will be felt by all manufacturers in Scotland.

Implementation of the actions set out in the Recovery Plan will improve Scottish manufacturers' ability to compete within the UK and globally.

### **Consumer Assessment**

Consumers will benefit from the plan as it will help safeguard Scottish manufacturing, allowing companies to increase efficiency and potentially increasing the variety of products offered and reducing prices.

### **Test run of business forms**

No statutory forms will be created. Any forms created by individual sub-groups for the purpose of taking forward the proposed actions will be scrutinised by the members of the group to ensure they are comprehensive and user friendly.

### **Digital Impact Test**

Making Scotland's Future: A Recovery Plan For Manufacturing is published on SG's website. A PDF version of the document is available on the website for consumers who prefer to use that format. In the unlikely event that a consumer cannot access the website, or print off a PDF, a printed copy can be provided on request.

Currently, Making Scotland's Future: A Recovery Plan For Manufacturing is not available in any language other than English. If a request is received requiring guidance in another language or braille, the request will be dealt with appropriately .

### **Legal Aid Impact Test**

Making Scotland's Future: A Recovery Plan For Manufacturing does not in itself create any new legal rights. There will be no impact on legal aid as businesses are not eligible.

The plan sets out a series of actions to benefit and support Scottish manufacturers and it is not anticipated that this will result in any legal challenges from employees or individuals.

### **Enforcement, sanctions and monitoring**

Making Scotland's Future: A Recovery Plan For Manufacturing sets out an agenda to support Scottish manufacturing. The proposed actions are collaborative and voluntary. It is not anticipated that the actions proposed will result in a need for enforcement or sanctions.

To evaluate the impact of the plan a monitoring and evaluation framework will be agreed with partners that will reflect the outcomes of both existing actions and actions that are finalised as a result of consultation feedback.

### **Implementation and delivery plan and post-implementation review**

The draft version of Making Scotland's Future: A Recovery Plan For Manufacturing was published on the SG website on 4 December 2020.

A consultation period will last until early 2021 when a revised final version of the plan will be published.

The actions proposed in the plan will be taken forward at pace throughout 2021 with a review on the impact of the plan carried out which will feed into the work of the Making Scotland's Future Programme Board as it moves forward with the wider Making Scotland's Future Programme.

### **Summary and recommendation**

It is essential that the SG provides support to Scottish manufacturing as it recovers from the COVID-19 pandemic. Making Scotland's Future: A Recovery Plan For Manufacturing has been developed by the Making Scotland's Future Programme Board whose membership comprises of senior representation from various business, government and economic agencies. It will be further informed by a wide consultation.

The plan sets out an agenda of proposed actions which will secure a strong, sustainable future for the manufacturing sector in Scotland.

We therefore recommend that Making Scotland's Future: A Recovery Plan For Manufacturing, should be implemented as a recovery plan for the manufacturing sector in Scotland – subject to revision informed by the consultation carried out from December 2020 to early 2021.

### **Declaration and publication**

I have read the Business and Regulatory Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed:



Fiona Hyslop MSP  
Cabinet Secretary for the Economy, Fair Work and Culture



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