

Response to Cabinet public engagement event
Glasgow 2009

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Introduction

When the Cabinet met in Glasgow on Thursday 16 April, it was the first meeting in Scotland since 1921. I said that I would ensure we wrote to participants to record the day and answer the questions raised. This note looks to fulfil that promise.

In the days leading up to the meeting, Cabinet Ministers visited a series of places across the region. They then sat down with around 200 local people for a round-table discussion during which they aimed to answer any questions raised.

This is an important process. It is vital that the Cabinet gets the chance to hear what people across the country really think. This event allowed us to do just that. The discussion covered a broad range of important topics and this document summarises the points that were made by the participants and gives the Government's response.

Given the global economic downturn, the bulk of discussion at this event focussed on the economy and what the Government is doing to provide real help now and prepare for recovery. In addition, a number of people attending raised questions relating to devolved matters. Under the devolution settlement, responsibility for matters such as health, planning, crime, and education and skills have largely been devolved to the Scottish Parliament. For that reason, those comments are not addressed in this document.



Gordon Brown
Prime Minister

Scotland and Devolution

This year marks the ten year anniversary of the establishment of the Scottish Parliament. Devolution has allowed different policies to develop in different parts of the UK, meeting the democratically expressed preferences of the people, and allowing public services to be developed to meet their needs more efficiently. The creation of a devolved parliament and devolved administration in Scotland allowed those issues of direct and local relevance to Scottish people to be managed in a way that best meets the needs of people in Scotland, without undermining the social, economic and political benefits of being part of the United Kingdom. Such issues include education, health, justice and policing, fisheries and agriculture, local government and tourism.

Since 1999 Scotland has received more money year on year, every year, since the introduction of Devolution. Next year will be no different. With a budget of around £35.5 billion, Scotland will have more money than ever before, and more than double that of the first devolved Government in 1999.

Furthermore the Comprehensive Spending Review 07 period will deliver £104 billion for Scotland. This will be the first time any spending review has delivered more than £100 billion for Scotland.

The Government continues to play a vital role in the every-day lives of people in Scotland and works closely with colleagues in the Scottish Executive and the other Devolved Administrations on wide-range of issues that affect the citizens of the United Kingdom.

Devolved Government

What the public thought:

The **gap** between the Scottish Executive and the Government is too great and a number of issues fall between the two.

The Government response:

The Devolution Settlement in Scotland produces a clear balance of responsibilities between the Government and the Scottish Executive. Jim Murphy, the Secretary of State for Scotland represents Scottish interests at the heart of the Government and oversees the devolution settlement. In his role he ensures that Government Departments are aware of how the devolution settlement affects their policy responsibilities. He also ensures that the Devolved Administration is appropriately brought into decisions that are either within their competence or affect their competence. There are many examples of the Government

working closely with Scottish Ministers to ensure the best outcomes for people in Scotland. This co-operation can range from the legislative through to handling emergencies. Thus it can cover devolved measures within UK Bills for the Scottish Executive to ensure consistency across the UK such as the recent Climate Change Act; taking forward legislation to facilitate key devolved policies in Scotland such as the 2014 Glasgow Commonwealth Games; and co-operating on development of responses to the recent Swine Flu outbreak.

Following recent economic difficulties, the Secretary of State for Scotland has initiated meetings between the Scottish Trade Union Congress, the Confederation of British Industry and Scottish Executive Ministers to discuss joint work on supporting Scotland through the recession. This is a pragmatic example of the Government and Devolved Administration working together in the interests of Scotland.

Ten years on from the introduction of devolution in Scotland both the Government and the Scottish Parliament are supporting a comprehensive review of the devolution Settlement. The Commission on Scottish Devolution first met on 28 April 2008 to review the Scotland Act and the experiences of devolution during the past ten years. The Commission is due to report this summer and the Government looks forward to receiving its recommendations on how to improve and secure devolution in Scotland.

What the public thought:

There shouldn't be an assumption that in Scotland we are all **anti-UK Government**. The image given by the media is that we are all SNP and Nationalists but this isn't the case.

The Government response:

There is no assumption on part of the Government that the majority of people in Scotland are nationalists. The evidence from opinion polls and from the attitudes of MPs and MSPs representing Scotland is that the overwhelming majority support the Union. Scotland is a full and equal part of the United Kingdom. All nations and regions draw great strength from our combined influence as one of the world's most influential nations and one of the largest economies. Devolution allows greater variation in those areas where policies can be better designed to meet local interests and concerns. The Government believes devolution has strengthened the United Kingdom.

Regeneration in Glasgow

What the public thought:

Whilst the massive investment in **Glasgow City Centre** is necessary and good for Glasgow as a whole, there is still serious deprivation in areas around the city.

The Government response:

Responsibility for regeneration is devolved, However, the Government is taking forward many measures that will play a vital role in eliminating deprivation across the UK. Progress has been made in Glasgow, but there is still much more to do. The UK Government is taking forward measures in the Child Poverty Bill to eradicate child poverty by 2020. This is complemented by measures in the Welfare Reform Bill which will help tackle the long-term benefit dependency that still scars too many of our communities. Glasgow remains part of JobCentre Plus' City Strategy. The Department of Work and Pensions funding for the Glasgow Works' Pathfinder ensures that local partners are able to shape and deliver training and employment programmes appropriate to the area's needs.

Economy

Avoidance of National Insurance Contributions

What the public thought:

What is Government doing to combat **National Insurance avoidance**?

The Government response:

National insurance avoidance can occur where people who declare themselves as self-employed are in fact employed. HM Revenue and Customs are responsible for tackling tax avoidance, and to help people correctly identify their employment status, they have set up an online tool, the Employment Status Indicator.

In 2007, the Government introduced legislation to tackle NICs avoidance through the use of intermediaries, so called Managed Service Companies. The construction industry is particularly susceptible to false self-employment, and in the Budget this year, the Government announced a consultation, followed by possible legislation, to tackle this problem.

Public Sector

What the public thought:

Staffing levels in the public sector should be reduced through efficiency savings to **public expenditure**. How does the Government intend to do this?

The Government response:

At a time when people and businesses are both having to tighten their belts, it is only right that the public sector should do the same. In November, the Government announced a further £5 billion of efficiency savings by 2010-11, building on the existing target of £30 billion of savings per year. These additional savings were based on the interim findings of five independent advisors looking at public sector spending in areas such as Human Resources and procuring energy or IT support.

The Government has a track record of delivering such savings, over-delivering against its Gershon efficiency programme, which ran from 2004-05 to 2007-08. By 2007-08, annual

savings of £26.5 billion had been delivered against a target of £21.5 billion. Net workforce reductions of 86,700 posts were achieved against a target of 70,600.

At a time when people and businesses are having to tighten their belts, it is only right that the public sector should do the same. In November, the Government announced a further £5 billion of efficiency savings by 2010-11, building on the existing target of £30 billion of savings over the CSR. These additional savings were based on the interim findings of five independent advisors looking at public sector spending in areas such as Human Resources and procuring energy or IT support.

In the Budget, the final reports of those independent advisors identified a further £9 billion of savings by 2013-14. Tightening our belt now will help the Government continue to invest in frontline services and bring down debt in the future.

VAT cut

What the public thought:

The cost of implementing the **reduction in VAT** was huge; and it disproportionately affected small businesses.

The Government response:

The VAT reduction has benefited all businesses – large or small, VAT registered or not – by supporting the whole economy and increasing demand for goods. The VAT cut is worth over £20 per month for households on average for the whole of 2009. The Government recognised at the PBR that the change would impose a small compliance burden on businesses. Smaller businesses however are likely to have relatively simpler VAT arrangements.

Excise duty

What the public thought:

The Government should be **protecting our export industry** by reducing the excise tax on Scottish Whisky. Doing so will protect our heritage and save jobs.

Will the Government put a freeze excise duty?

The Government response:

The Government recognises the importance of the whisky industry, but balanced against this, alcohol duty is an important revenue stream. As such, there are no plans to reduce the duty on spirits. It is important to be aware that the majority of Scottish Whisky is exported and that duty is not charged on products that are exported.

Government support for the banking sector

What the public thought:

Why is this recession different from others and why has the Government intervened with banks? What was the **rationale behind support** for the banks?

The Government response:

The world economy is seeing the most difficult economic conditions for generations. Almost every advanced economy has gone into recession, with output falling particularly sharply in those economies that depend on exports. In 2007 the world economy was hit by a financial crisis, which hit confidence and demand in the wider economy. The availability of credit was curtailed and, as a result, world trade and manufacturing contracted.

The origins of the recession in the financial crisis, in the face of otherwise sound fundamentals such as historically low and stable inflation and interest rates, make this recession different to, for example, the recession of the 1990s.

The Government has made a number of interventions in the financial sector because financial markets influence the lives of every business and family. These markets are vital for the efficient operation of the economy – enabling payments, protecting savings, providing funds to credit-worthy borrowers and channelling savers' funds to the most productive investment opportunities. The Government's interventions have protected individuals' savings and prevented the collapse of the financial system.

What the public thought:

Will the **bank shares** now owned by the Government be sold back once the current economic situation improves, and if so when will this happen?

The Government response:

It is not the Government's intention to be a permanent investor in UK financial institutions. The Government has set up UK Financial Investments Ltd (UKFI), a company wholly owned by Government, to manage these shares. Their objective is to develop and execute a strategy to dispose of the investments, to protect and create value for the taxpayer as shareholder. We cannot say now when these shares will be sold, as this will depend on a wide number of factors.

What the public thought:

There should be **strong business representation** (e.g. Federation of Small Businesses, CBI) on the Board of Banks.

The Government response:

It is critical that our banks have competent, well-run and transparent boards, which are engaged with their shareholders. Therefore, as part of the Government's response to the market disruption we have appointed Sir David Walker to carry out a review of corporate governance in the UK banking industry. Sir David will examine and make recommendations in areas including the balance of skills, and the experience and independence required on the boards of UK banking institutions. Sir David is due to issue a consultation paper in the summer and conclusions in the autumn.

What the public thought:

Large bonuses paid to bankers are unfair in the current climate. What is Government doing to stop **bonuses** being paid?

The Government response:

The Government is clear that the banking industry, both in the UK and globally, needs to develop sustainable long-term remuneration policies that take better account of risk. In the UK, the FSA has published a Code of Practice on remuneration, which it intends to add to the FSA handbook. Furthermore the UK has played a leading role in developing an international approach to remuneration policies.

In respect of the banks in which the Government has a stake UK Financial Investments Ltd (UKFI) is overseeing the remuneration conditions attached to subscribing to the Government's recapitalisation fund. It is also working with RBS and Lloyds in the context of the Asset Protection Scheme. It has worked to ensure that the banks subscribing to these schemes offer incentives based on the Government's principles on remuneration, including no rewards for failure. It also serves to protect the interest of the taxpayer as a shareholder. UKFI is wholly owned by the Government and operates on a commercial basis.

What the public thought:

Is the **financial crisis** resolved? Do we now understand what and where we went wrong?

The Government response:

The Government has taken action to ensure the stability of the financial system including targeted action for individual financial institutions and a comprehensive system-wide response, including action to ensure liquidity, strengthen bank capital, guarantee certain wholesale funding, deal with impaired assets, and increase lending in the economy.

It will take time for the effective functioning of financial markets to be fully restored, but there are already some signs that steps to increase lending and confidence are affecting the availability of credit. The Bank of England's latest Credit Conditions Survey and Trends in Lending report suggests a slight easing in the availability of credit to companies during the first quarter of 2009, and expectations of further easing in the second quarter. The availability of credit to households has continued to tighten, although it is expected to ease

in the coming months. This report has been drawn from data collected on behalf of the Lending Panel.

The causes of the financial crisis are set out in the 2008 PBR and 2009 Budget documents and elsewhere. In addition the Government welcomes the Turner Review of financial regulation and will publish a paper on renewing financial markets for the long term before the summer.

Debt

What the public thought:

What is **'toxic debt'**? What does it mean for the Government, and what does it mean for taxpayers?

The Government response:

The term 'toxic debt' tends to be used to describe assets which are currently very hard to value as a result of the complexity of structured products or the uncertainty around growth prospects around the world due to the global recession.

This uncertainty around the value of assets can lead banks to hold capital to protect themselves against potential losses on those assets. Holding this capital prevents banks from lending to credit worthy small businesses or homeowners, and therefore is at the root of why banks are constraining their lending. This has damaging consequences for economic growth.

The Government has therefore announced an 'Asset Protection Scheme', which provides a minimum for any future credit losses on assets protected under the scheme. It thereby reduces the uncertainty banks face, and allows them to start lending again. The Asset Protection Scheme forms part of a package of measures announced by the Government to reinforce the stability of the financial system and support the recovery of the economy by increasing the capacity of banks to lend. The scheme is a form of insurance for which the banks pay a fee.

What the public thought:

Will **Government-owned debt** be paid for by increased taxes in the future?

The Government response:

While it is right to allow Government debt to rise now to support the economy at this critical time, in the medium term government has set out its plans to reduce debt. We have a clear plan to reduce borrowing once the economy is recovering and to ensure that debt falls once the shocks have worked their way through the economy in full.

Building on the 2008 Pre-Budget Report, the 2009 Budget set out the tax and spending measures that will deliver this fiscal consolidation, whilst ensuring fairness. These measures included an increased focus on efficiency savings, ensuring that our public services deliver

maximum value for money to the taxpayer.

Lending

What the public thought:

Despite receiving billions of pounds of Government funding, **banks are still not lending**. Where they are, they have increased their costs dramatically. In order to get the economy moving banks need to be given a strict timeframe within which to lend money. What is the Government doing to ensure that banks begin lending again? How is the Government monitoring this?

The Government response:

Decisions concerning products and pricing remain commercial decisions for firms. Where there is public sector investment in financial institutions these stakes will be managed on an arm's length and independent basis. Notwithstanding this, the Government is taking action to ensure competitively priced loans continue to be available.

On 19 January, the Government announced measures to reinforce the stability of the financial system, increase confidence and capacity to lend, and support the recovery of the economy. These measures build on those announced on 8 October 2008.

At the 2008 Pre-Budget Report, the Government announced a new Lending Panel to monitor lending. The panel comprises government, lenders, trade and consumer bodies, regulators and the Bank of England. As part of this new monitoring approach, the Bank of England is publishing a new monthly report - 'Trends in Lending' - which presents the Bank's assessment of latest developments in lending to the UK economy. The first report was published on 21 April. It highlights the current weak levels of lending, but reports that some lenders expect availability of credit for businesses to improve over the next three months.

The Government has agreed lending commitments with Lloyds and RBS that will see Lloyds lend an additional £14 billion, and RBS an additional £25 billion, on commercial terms, over the 12 months from March 2009. The commitments are specific, quantified and legally binding. HM Treasury will report annually to Parliament on the delivery of these agreements.

Other banks have also signalled increases in lending. Northern Rock will undertake new lending of about £5 billion in 2009, HSBC has announced it will lend up to £15 billion to homeowners in 2009, and Barclays has announced it will lend an additional £11 billion to households and businesses in 2009.

What the public thought:

There should be a cap on the interest rate that doorstep lenders charge.

The Government response:

The approach the Government takes to financial services regulation is to promote

transparency of financial products. Lenders are required to lend responsibly so that borrowers take out loans they are able to repay. This is monitored and enforced by independent authorities. Consumer credit business is regulated by the Office of Fair Trading. The Consumer Credit Act 2006 strengthened and improved the existing regime for credit, and the Government is currently implementing the Consumer Credit Directive, for completion by June 2010.

In the run up to the Consumer Credit Act 2006, the Department for Trade and Industry (now the Department for Business, Enterprise and Regulatory Reform) commissioned research into the impact of interest rate caps in other countries. Interest rate caps limit competition in the market and restrict access to credit. Rate caps reduce transparency for consumers as firms generate more revenue through fees and charges. They also reduce firms' ability to lend to consumers they see as higher risk, driving poorer consumers to use illegal lenders. Research shows that in Germany and France, where interest rate caps exist, the incidence of illegal lending is twice as high as in the UK.

Savings

What the public thought:

We have in the past operated in a 'borrowing' environment and we now need to move to a '**saving**' culture and encourage saving. How will the Government do this?

The Government response:

Since 1997, the Government's savings strategy has focused on developing better incentives for saving, ensuring people have the capability to make the right savings decisions for themselves as individuals and that people have access to appropriate savings opportunities.

The Government has introduced ISAs, which are now held by over 18 million people. Budget 2009 announced that the annual ISA investment limit will rise to £10,200, up to £5100 of which can be held in cash, from April 2010. These new limits will apply from October 2009 to people aged 50 and over.

The Government has also introduced the Child Trust Fund, which provides every child with £250 at birth (£500 for children in lower-income families) and again at the age of 7. The policy is designed to strengthen the saving habit of future generations, promote financial education and ensure that at age 18 every child will have access to a financial asset.

In addition, the Saving Gateway will be introduced nationally in 2010 to encourage saving among working age people on lower incomes. The scheme aims to promote saving and financial inclusion by offering a Government contribution of 50p for each pound saved. Around 8 million people will be eligible to open a Saving Gateway account.

Credit Unions

What the public thought:

Could the Government treat Credit Unions in the same way they have treated the banks,

underwrite Credit Union loans and allow them to lend to local businesses and Housing Authorities?

The Government response:

The Government has ensured that Credit Union members have their individual savings protected up to £50,000 the same as the customers of banks and building societies. A Legislative Reform Order, which the Government intends to publish this summer, will modernise and update the legislative framework that credit unions operate under. One of the changes will allow credit unions, if they so wish, to open membership to partnerships, unincorporated associations and bodies corporate. To safeguard credit unions the Government proposes to cap the proportion of membership which is not individual to 10% and to limit the proportion of total assets, and of lending, which may be held by corporate members.

Business

Industry in Scotland

What the public thought:

Scotland is too dependant on a very large **Financial Service Sector**. There is a need to reach a balance between traditional Scottish industries, such as farming, fishing and forestry, and the development of new skills.

The Government response:

The Government is delivering Real Help Now to businesses in all sectors at this difficult time. Through measures such as the Enterprise Finance Guarantee and the Capital for Enterprise Fund, the Government has helped with the availability of finance to credit-worthy businesses and improved short-term cashflow. In addition, HMRC's Business Payment Support Service offers help to businesses facing temporary financial difficulties to spread tax payments over a timetable they can afford. The Financial Services Industry remains important to Scotland and the rest of the UK as it accounts for around 8% of the Scottish economy. Scotland remains one of the world's major fund management centres with approximately £580 billion managed directly in Scotland. The general insurance, life insurance and pensions industries in Scotland directly manage around £726 billion of funds worldwide. In recent years, Scotland has also become a major European centre for asset servicing on behalf of fund managers in Scotland, the UK, other parts of Europe and further afield.

Small Medium Enterprises

What the public thought:

Small businesses require **support to avoid further jobs being lost**. This could be done by scrapping or postponing NI contributions; scrapping Fuel Duty for Company Vehicles; introducing a Regional Fuel Tax Concession for the Highlands, Islands and remote areas (this operates in other European countries); and upskilling Business Support Services.

The Government response:

The Government remains committed to making the UK the best place in the world to start and grow a business. It is vital that small businesses are helped during a period of economic downturn. Their survival in the current economic climate will be crucial to both

maintaining employment and economic activity in the short-term and providing growth as we look towards recovery. Going forward, within the context of Building Britain's Future – New Industry, New Jobs, published in April 2009, we are developing new ideas to ensure that SMEs are able to grow when the upturn comes.

Regulation

What the public thought:

Excess bureaucracy is preventing people and organisations from achieving their goals. Have we now reached the point where the **Government should stop regulating?**

The Government response:

Regulation plays an essential role in society providing vital protections, from the safety of the food we eat to secure working environments. In a constantly developing world Government cannot neglect its role to protect people and organisations. But it recognises the burden that regulation can place and is delivering on an ambitious programme to improve the way it regulates. We are on track to deliver £3.4 billion a year in savings to businesses and we are working right across government to make sure that we regulate no more than is necessary and that any regulations are proportionate, targeted and consistent.

Specific Sectors and Schemes

What the public thought:

Specific sectors, including **construction**, are suffering due to the downturn and need further support.

The Government response:

The UK Government has taken action to ensure that banks are in a position to maintain lending to viable businesses across all sectors. It is providing a range of advice and support mechanisms via Business Links, and has undertaken initiatives to promote the long term competitiveness of various sectors. With Government support, the construction industry, through the Strategic Forum for Construction, has agreed construction commitments and targets in a number of key areas to achieve a better industry and exceed current best practice.

What the public thought:

Why is the Government **subsidising sectors** like the car industry that are going to disappear?

The Government response:

The decision to support the automotive industry during the current difficulties, including

via the Automotive Assistance Programme (AAP), was based on a number of factors. The sector is under huge pressure at the moment. It is a major employer in the UK and a major investor in R&D. It employs highly skilled workers. The industry will not disappear but it does need to adapt to help meet our climate change goals and is required to achieve significant reductions in carbon dioxide (CO₂) emissions from 2012. The Government is determined that it remains an important part of our manufacturing base.

What the public thought:

Government should introduce **grants to help people to buy greener cars** if they scrap their old cars.

The Government response:

A scrappage scheme to help boost the automotive industry was announced in the Budget. It is not an environmental measure but the scheme will encourage replacement of ageing vehicles with newer models which generally have lower emissions. From mid-May, motorists were offered a discount of £2,000 on a new car or van if they trade in vehicles they have owned for 12 months and over, or trade vehicles older than ten years for scrappage. Details are available at: <http://www.direct.gov.uk/en/Motoring/>

Exportation

What the public thought:

UKTI funding is due to be reduced in 2010 to £50,000. The Government needs to support Scottish businesses in understanding exportation and assisting more with this significant area for business opportunity. Can the Government provide support and assistance for businesses to succeed in the global economy and maximise exportation?

The Government Response:

The Scottish Executive supports Scottish companies to enter international markets, through Scottish Development International.

In addition to this, most UK Trade & Investment services are available to Scottish companies on the same basis as they are available to other UK firms. These services include access to support from UKTI's 121 offices in 99 overseas markets through the Overseas Market Introduction Service, the Export Marketing Research Scheme, the Export Communications Review, the Tradeshow Access Programme and events run by UKTI's sector teams and country desks. UKTI provides direct annual funding to Scottish Development International for Scottish companies of £50k for Market Visit Support in 2009/10.

Post Office Privatisation

What the public thought:

The Post Office is a valuable **national institution** and it should not be privatised. Privatisation will not improve customer satisfaction.

The Government Response:

We agree that Royal Mail should remain in public ownership and this is why our proposals would not permit it to be privatised. The Postal Service Bill, which we introduced in Parliament in February, will ensure that Post Office Limited must be entirely owned by the Crown and that Royal Mail Group Limited must be publicly owned with the Crown owning more than half of it. We firmly believe that our proposal for a strategic partner for Royal Mail Group Limited will enable the company to accelerate its modernisation. This is needed so that Royal Mail can secure its future in the face of unprecedented falls in the volumes of letters posted due to people and businesses using electronic communications to meet their needs. Our proposals on Royal Mail pensions will remove the burden of the historic pension deficit from the company. Overall, our package of proposals will ensure that the universal postal service is maintained for the benefit of UK consumers.

Skills and Apprenticeships

Apprenticeships and Training

What the public thought:

The **Train to Gain** scheme in England was not replicated in Scotland where it is believed the equivalent is available only for people aged 20 and under.

The Government Response:

The Train to Gain service in England is proving highly successful. Funding is to rise to £1 billion by 2010-11, which will support 1 million learners that academic year. The Scottish Executive is responsible for the design and funding of its training and workforce development programme, including decisions about age restrictions.

Skills Gap

What the public thought:

More emphasis should be put on the right courses available to fill the **skills gaps** in the country.

The Government Response:

The UK Government is now investing in adult skills at record levels – over £5 billion this year. But we need to ensure that this investment is going to provide us with the right skills, in the right place and the right time. With this in mind, the Government recently published a white paper *New Industry, New Jobs: Building Britain's Future*. The white paper looks at how we can better identify the skills needed for our future success and how our education and training systems should respond. Sector Skills Councils have also been established to assess skill needs for different sectors. They work with employers, stakeholders and training providers to determine what training is available to fill skills gaps both now and in the future.

Employment

Unemployment

What the public thought:

Rising unemployment, particularly in deprived areas, is worrying. Assistance is required to support the long term unemployed but help is also needed for the newly unemployed.

The Government response:

The challenge of returning Britain to full employment will be one of the defining missions for the Government over the next 5 years. On 29 June, Government set out pledges in Building Britain's Future to guarantee that, from next year, every young person under 25 who has been unemployed for a year will be required to take up a guaranteed job, work experience or training place. The £1 billion Future Jobs Fund will provide 100,000 jobs for young people and a further 50,000 new jobs in areas of high unemployment. Adults who have been unemployed for six months will get access to jobs supported by recruitment subsidies, help setting up a business or volunteering opportunities.

Newly unemployed people can often be helped by the Rapid Response Service in Jobcentre Plus. This works with employers to provide people facing redundancy with help and advice about finding another job or retraining. Everyone who claims Jobseeker's Allowance also receives face to face support from a Personal Adviser. The Government is ensuring that new policies, such as the Future Jobs Fund announced in the Budget, are focused on key areas and delivered to support local needs and priorities.

What the public thought:

Generational unemployment is becoming an increasingly common issue for Glasgow, with some families having 3 or 4 generations in unemployment. The UK Government needs to maximise their efforts in breaking the cycle and avoid repeating the 1980s recession. Intermediate labour markets, work placements and apprenticeships were all suggested as possible solutions.

The Government response:

The Government is committed to ensuring individuals are supported in finding work and is

taking forward action to ensure that people are helped back into the labour market. Scottish employment is up 263,000 since summer 1997, whilst the figures for unemployed claimants are down 36,700 since the 1997 election. For those unemployed for more than 6 months, the Government has invested £5 billion to offer a package which includes incentives for employers to hire, and provide access to in-work training. There has also been increased investment in JobCentre Plus services across Great Britain to ensure that demand can be met in the current climate, and people can continue to receive personal support and advice. The Future Job Fund recently announced by the Department of Work and Pensions will also be a source of support for the long term unemployed and will particularly help young people aged 18-24. Local Authorities in Scotland are being encouraged to access these sources of funding.

What the public thought:

A minority of delegates felt that people were reluctant to start **short term work** as they would be faced with the problem of going through a lengthy process to re-claim benefits.

The Government response:

The Government is encouraging people to take temporary or short term work by simplifying and shortening the re-claiming process. It has changed the rules so that job seekers can have their old claim re-opened quickly provided they are within 6 months of their previous claim and there have been no other changes of circumstance.

Asylum Seekers

What the public thought:

Why can't asylum seekers who are awaiting leave to stay be given a visa and a **temporary work permit** until a decision can be reached?

The Government response:

The Government believes that managed migration is a valuable source of skills and labour to the British economy. However entering the country for economic reasons is not the same as seeking asylum, and it is important to maintain the distinction between the two. The Government does not allow asylum seekers to work while their claim for asylum is under consideration, except where an asylum seeker has been waiting 12 months for a decision and this delay cannot be attributed to them. Giving asylum seekers or failed asylum seekers permission to work would be likely to encourage asylum applications from those without a well-founded fear of persecution. This would in turn slow down the processing of applications from genuine refugees and undermine the integrity of the managed migration system.

What the public thought:

Education in Scotland is excellent but **keeping graduates** in Scotland after they have qualified is more difficult. What can Government do to encourage graduates to stay in Scotland?

The Government response:

Employment and opportunities are key to encouraging people to remain in any area. The Scottish Executive is responsible for skills, education and training. In terms of those students who come to study in Scotland from abroad, the Government has expanded the success of the Fresh Talent Scheme in Scotland. Tier 1 of this scheme enables students who have successfully completed a first or postgraduate degree at a UK institution to apply for permission to work in the UK for two years. This provides a bridge to highly skilled or skilled work and enables us to attract and retain some of the best overseas graduates.

Families and Welfare

Carers

What the public thought:

Grandparents who act as carers for their grandchildren should get **financial assistance**.

The Government response:

The Government recognises the important role that close relatives play in supporting children in their family, in particular by helping single parents to work. The Government has announced in the budget that from April 2011, National Insurance Credits will be provided for adult family members under State Pension Age who care for family members up to age 12 for 20 hours a week or more. This will ensure that grandparents and other adult members of the family do not have to forego pension entitlement when performing a vital childcare role in the family.

Pensions

What the public thought:

It often seems that people who have not worked, saved or generated a pension and income for themselves appear to be better off in terms of **state support** in later years than those who had made even a small amount of financial provision. For example, some people, especially those with a small occupational pension, often miss out on additional financial help.

The Government response:

Most people need to make provision to have the kind of lifestyle they want when they retire. The Government provides generous tax relief on pensions to help them to do so. But the Government believes it is right that there is a safety net to protect the most vulnerable. Pension credit ensures that no pensioner need live on less than £130 per week, whilst also rewarding those who have made modest provision through the Savings Credit. The Government believes that the current pensions framework strikes the right balance between protecting the most vulnerable while ensuring there are good incentives to save.

What the public thought:

Elderly people in receipt of pensions are concerned about reductions, with those due to retire being apprehensive about the **level of pension** they may be entitled to.

The Government response:

The Government recognises that people are concerned about their pensions in the current environment. This year, against a backdrop of falling inflation, the basic state pension increased by 5%. In the event that RPI inflation this September is below zero pensioners can be confident that their pensions will rise by at least 2.5%. Budget 2009 also introduced a range of additional measures to support pensioners. These included an additional payment alongside the winter fuel payment and an increase in the capital disregard in pension credit from £6,000 to £10,000 from November 2009.

Welfare Provision

What the public thought:

The **Disability Living Allowance** has two rates – higher rate and lower rate. Higher rate is only awarded when there is a mobility issue. This is unfair on blind people who are excluded from Higher Rate unless they also have a mobility problem.

The Government response:

The higher rate mobility component of Disability Living Allowance is paid on the basis that someone is unable, or virtually unable, to walk due to a physical impairment. Currently, some 4,600 visually impaired people receive the higher rate. However, the Government has recently announced that from April 2011 it will extend entitlement to the higher rate mobility component to those people who are severely visually impaired. The Government expects this measure to benefit an additional 22,000 severely visually impaired people.

What the public thought:

The **complexity of the benefit system** is detrimental in terms of its effectiveness – could government simplify the system?

The Government response:

The Government has long recognised the need for a simpler, more transparent benefits framework which ensures services are accessible and easy to navigate.

The White Paper, Raising expectations and increasing support: reforming welfare for the future, published in December 2008, set out the case for a single working age benefit. A system of benefits that is fit for the 21st century should be simple to understand, well targeted and empowering. It should provide clarity and certainty for people making the transition between benefits and work. The White Paper committed the Government to exploring whether, over the longer term, a single benefit is the right approach for the social security system.

What the public thought:

Housing Benefit is currently paid directly to the relevant housing association. There are concerns that if plans go ahead to pay tenants directly they may be tempted to use the money for other priorities, resulting in rent arrears and homelessness.

The Government response:

The Local Housing Allowance currently applies to Housing Benefit customers in the deregulated private sector only, and a key element of this is direct payments to tenants. As a Government, we are keen to promote financial inclusion and individual responsibility among customers across all housing sectors. However, having listened to the very real concerns about the possible implications for providers' funding we have decided that, particularly in the current economic climate, now is not the right time to proceed with even a pilot involving direct payments of Housing Benefit to customers in the social housing sector.

Energy and Environment

Energy

What the public thought:

We need **renewables** but these will never be able to supply all of our energy needs. There should be a UK wide decision on energy, which should include a combination of power sources.

The Government response:

Tackling climate change and ensuring a secure supply of affordable energy are the key goals of the Government's energy policy. To meet these challenges, the Government is already acting to develop a diverse low-carbon energy mix including renewables, nuclear power and carbon capture and storage as well as investment in new coal and gas plant. Promoting energy efficiency to households, businesses and the public sector, and reducing overall energy demand are also key to the UK's energy strategy.

What the public thought:

The proposed **nuclear sites** will have longer-term benefits but more generally, the UK has been dragging its feet on power generation. This means that there will be a gap between supply and demand from 2013 onwards. How will Government deal with this problem?

The Government response:

The UK's electricity mix will change significantly over the next decade, and the UK needs substantial investment in new electricity generation capacity. Planned investment shows there is good progress towards delivering sufficient electricity generation capacity to deliver secure supplies through the next decade. 10GW of new generation capacity is already under construction, a further 10.5GW has both planning consent and agreement to connect to the grid, and more has been proposed. If most of this new capacity comes forward, there is no reason to anticipate electricity shortages in the middle of the next decade as a result of insufficient generation capacity.

Oil Industry

What the public thought:

The **North Sea industry** is in a critical state being unsustainable because of current market prices and a lack of investment. Will anything be done to encourage investment in the industry?

The Government response:

The Government remains committed to maximising the economic recovery of the UK's oil and gas resources and recognises the vital role that the oil and gas industry plays in contributing to the UK's energy supply as well as its wider contributions to the UK economy. Following a consultation Supporting Investment, launched at the 2008 Pre-Budget Report, Budget 2009 announced a further package of reforms to the North Sea fiscal regime. Building on those announced in Budget 2008, these support the investment necessary to realise the potential of the UK Continental Shelf. In addition, the Government has made targeted relaxations to the licensing regime to provide companies with more time to raise finance for investment.

Climate Change

What the public thought:

Climate changes policies need to be **longer term**.

The Government response:

The UK Climate Change Act (2008) is the first in the world to embed longer-term targets to reduce greenhouse gas emissions in domestic law, requiring an 80% reduction by 2050. At EU level, the 2020 Climate and Energy Package has set a target for 20% of the EU's energy to come from renewable sources by 2020. Tackling climate change requires ambitious global action, and the UK is seeking to agree at the Copenhagen Climate Change conference in December, a comprehensive, global and long-term framework for addressing climate change. This will put us on the right pathway for stabilising greenhouse gases in the atmosphere at a level that avoids dangerous climate change.

What the public thought:

Will the carbon reduction initiative be underpinned by **sanctions and penalties** or will it be an incentive based light touch approach?

The Government response:

The Carbon Reduction Commitment (CRC) is intended to be an administratively light touch scheme. Participants will self-certify their emissions each year, rather than having third party verification of all sites as is the case with the EU ETS. A number of participants will be audited each year to verify reported data. Given that CRC will rely on self-certification, there

will be a set of penalties underpinning the scheme to provide an adequate deterrent for non-compliance. These are designed to be proportionate and fair but also to ensure that the cost of non-compliance is higher than the cost of compliance.

What the public thought:

Coal generation has a huge part to play in maintaining a **secure energy supply** but Government should make a commitment to carbon capture. Why has the Carbon Capture and Storage (CCS) scheme been abandoned?

The Government response:

The CCS competition has not been abandoned. In the April Budget announcements, support for CCS was extended to include financial support, via a levy mechanism, for up to four CCS demonstration plants including the current competition. Further proposals include every new coal power station having to demonstrate CCS from day one, on a defined portion of capacity not less than 300MW, and installing CCS on whole plant once it has been independently judged to be technically and economically viable. A consultation document setting out these proposals will be published in summer 2009. The Government hopes to see a range of CCS technologies demonstrated and for CCS to be deployable from 2020.

Foreign and Defence

Defence Spending

What the public thought:

Government spending on defence is disproportionately large, especially in relation to **Trident and the Iraq War**. The money used for these purposes would be better spent creating a 'caring society'.

The Government response:

The Government is committed to protecting the United Kingdom and its interests, enabling its people to go about their daily lives freely and with confidence, in a more secure, stable, just and prosperous world. The 2008 National Security Strategy identified terrorism, proliferation of weapons of mass destruction and failing states as among the main threats to the United Kingdom's national security. The Defence budget is set at a level judged by the Government to allow it to respond to such challenges, including strengthening the governance, development and security capabilities of states such as Iraq and Afghanistan. The Defence Budget for 2008-9 was £34.1 billion with some further £4.5 billion spent from the Reserve in Iraq and Afghanistan.

Armed forces personnel

What the public thought:

More people are being recruited into the armed forces and this is encouraging for young people and for the armed forces.

The Government response:

Recruitment to all three Services has improved over the past few months, primarily as a result of targeted national, regional and local level recruiting campaigns. There has also been a significant increase in expressions of interest through the Armed Forces Recruitment Offices and through on-line applications. This is attributed in part to the current economic circumstances and rising unemployment. We are not complacent, however, and recognise that challenges remain in maintaining manning levels and that there continue to be some shortages in specific areas.

Tendering

What the public thought:

When would the government be requesting **tenders for the refurbishment** of Armed Forces accommodation?

The Government response:

Providing Service personnel and their families with the standard of accommodation they deserve is a top priority for the Government. Decades of under-funding needs to be addressed, but clear progress is already being made and over £3 billion is planned to be spent on modernising and upgrading Service accommodation over the next ten years. Much of the expenditure planned over the next few years is currently covered by existing contractual arrangements. Tenders, for example for phase three of the Single living accommodation modernisation programme, will be announced at an appropriate time. Around 90% of Service families' accommodation is now at the two top standards for condition (of four) – equivalent to the Decent Homes Standard.

Engineering

What the public thought:

The armed forces and defence sector are an importance source of employment, particularly for the **engineering sector**.

The Government response:

Defence in Scotland - in terms of both defence industry and the Armed Forces footprint – brings significant benefits to jobs in all sectors of Scottish industry. Latest estimates are that the defence sector in Scotland (aerospace, defence and naval) employs some 16,000 people across the whole of Scotland as well as providing a significant number of jobs in the supply chain. Additionally, around 19,000 service and civilian jobs are located in Scotland and a further 13,000 are generated by the presence of defence infrastructure.

Other Issues

Equality

What the public thought:

Discrimination is still rife. In years to come this problem may not exist as the younger generation has “no hang-ups” in terms of religion, sexism, and racism.

The Government response:

This Government has always championed equality and sought to eliminate discrimination. The Equality Bill now going through Parliament will introduce a series of measures to address discrimination further. These include strengthening the duty on public authorities to reduce inequality, outlawing unjustifiable age discrimination, strengthening enforcement and targeting the gender pay gap. See http://www.equalities.gov.uk/equality_bill.aspx for more information.

The Government's Public Service Agreements also include targets on tackling discrimination in employment opportunities, in people's pay and in the way some sections of the public are treated by public services. The Government has had close and ongoing liaison with the Scottish Executive and the Scottish EHRC in the development of the Equality Measurement Framework, which is being taken forward jointly by Government and Equality and Human Rights Commission (EHRC).

Media

What the public thought:

Scotland currently produces only 2% of the television programmes shown in the UK. A strong, vibrant, **independent Scottish media** should be maintained. The funding could possibly come from the surplus budget allocated for the digital switchover.

The Government response:

On 16 June, the Government published the Digital Britain Final Report, which underscored the importance of the digital economy for the UK's future developments, and secured the UK's position as one of the world's leading digital knowledge economies. This is a sector where we have internationally recognised strengths and, by taking the right decisions now,

we can continue to be at the forefront of the digital revolution. The report sets out how we will deliver universal broadband coverage by 2012 and how we will ensure that our creative sectors, including those in Scotland, continue to flourish both domestically and internationally.

Culture

What the public thought:

Government should continue to fund the **creative industries** during the current recession and that they also encourage the Scottish Executive to follow suit.

The Government response:

The Government is providing real help now to small and medium based enterprises which are in difficulties during the economic slowdown, including those within the creative industries. Support available includes free health checks for businesses, help with accessing finance, and advice on a range of business issues, including cash flow and training. Much of the Real Help on offer is part of Solutions for Business - the Government's streamlined portfolio of publicly-funded business support products and services, delivered via Business Link, which provides comprehensive assistance to help companies start, grow and succeed.

In February 2008 the Government published Creative Britain: New Talents for the New Economy which set out 26 commitments to support the Creative Industries. One of the commitments of Creative Britain has been to look at how Business Link works with the creative industries and how it can be improved. This report will be published in summer 2009. The Government knows that the Scottish Executive also believe that the Creative Industries can be a key driver of productivity for the whole of the UK economy, and is looking forward to working with them further in this area.

Stamp Duty

What the public thought:

Stamp duty and survey costs should be temporarily stopped.

The Government response:

The Government introduced a stamp duty holiday to demonstrate our support for homebuyers at a time of difficult conditions. In bringing forward this measure we had to strike the right balance between supporting those homebuyers who need it most now and taking the necessary decisions to keep the public finances on a sustainable path. This is why the holiday is limited to transactions up to the value of £175,000. In light of the continuing difficult climate, at Budget, we confirmed that this holiday would be extended until the end of 2009. Stamp duty, like all other taxes, is kept under review.

Alcohol

What the public thought:

Politics is getting in the way of a unified approach to **minimum pricing**. Other Northern European Governments are looking to reintroduce this measure and it is supported by research. Why will the UK Government not support minimum pricing?

The Government response:

The Government has decided not to proceed with any local or national measures concerning a minimum unit price. While there is evidence that cheap alcohol is linked to people drinking more and subsequent health harms, it is important that any Government interventions do not impact unduly on the majority of responsible drinkers. So the Government will gather further evidence with a view to developing proposals which tackle the minority of problem drinkers without unduly affecting the majority of responsible drinkers.

Psychological problems

What the public thought:

Psychological problems are a **barrier to work**. Government should do more to encourage people with depression or anxiety back into employment.

The Government response:

This is a devolved matter for Scotland but we will continue to work and share good practice with our colleagues in the Scottish Executive on all issues that affect the citizens of the United Kingdom. Most people have the potential to work and this is just as true of people who have mental health problems or disabilities as of any other group in society. We know that most people who have mental health problems do work and most of those who are not in work would like to be. Evidence shows that work is generally good for mental health and personal and financial well-being. This gives us an imperative to act.

The Government has committed to producing the first ever cross-government national mental health and employment strategy. The new strategy will be published later this year. It will set out how we will work in partnership to help employers improve their understanding of mental health issues and how we can help people with mental health problems remain in or return to work, with earlier, easier access to integrated health and employment support services.

Drugs

What the public thought:

We need to do something to get **drugs off the streets**. Police should have greater enforcement powers.

The Government response:

Since 2002 the Government has introduced a number of powers to enable police to take more drugs off our streets, including the provision of crack house closure orders, a penalty notice for disorder for cannabis possession, and tougher sentences for those found dealing on or in the vicinity of a school, or using a young person as a courier to deliver a controlled drug. This is having a real impact with record numbers of drug seizures and evidence of reductions in purity of drugs seized from street dealers.