

enabling us to deliver a stronger fiscal performance over the medium-term.

A stronger economy is the essential underpinning for deficit reduction in the UK, with higher levels of growth delivering increased revenues and reducing spending pressures.

More broadly, improvements to productivity would translate into big medium and long-term improvements in the UK's fiscal position. We believe that this should be a central focus for government policy over the next 5 years.

The key is to both protect and promote key sectors of the Scottish economy. The UK government has agreed to implement the key proposals put forward by the Scottish Government and the oil and gas industry. This is a welcome step, however, we will continue to closely monitor economic activity in the North Sea and look for a prompt and effective response from the UK government so we can maximise the economic opportunity.

Action by the UK government was a necessary first step and will sit alongside the Scottish Government's commitment to a new Oil and Gas Strategy, which will have a strong focus on Scotland's oil and gas supply chain, including ongoing skills development and opportunities for greater internationalisation of the sector.

We will also continue to push for the swift deployment of the new Oil and Gas Authority in Aberdeen.

There are a number of additional steps we believe should be taken by the UK government, while they continue to hold the reserved responsibility, to boost

The more economic powers we have the more we can achieve

Despite having limited powers, we have taken action to boost our economy and support employment. For example, at the height of the financial crisis, we were able to accelerate capital investment in 'shovel ready' projects and could also take forward a range of innovative financing mechanisms and get better value for money through the Scottish Futures Trust, meaning more money was available for frontline, job creation projects.

In addition, our specific focus on youth employment, with guarantees on access to education and training and a massive expansion of Modern Apprenticeship places, and our support for small businesses with an extensive rates relief package (helping many survive the worst of the crisis) have made a difference for thousands of people across Scotland.

We've also made sure people have more money in their pockets, with the Council Tax frozen, real terms cuts in water bills and policies like free prescriptions providing a welcome boost for family incomes. Thanks to this approach, more money is available to spend in local economies.

As a result, we have reduced unemployment, increased employment in Scotland and have a stronger record on youth employment than the UK.