



Edinburgh 'Invest' blog – a look at the UK economy and the 2010 Election

By Nick Bennett, Audit & Public Sector Partner, Scott-Moncrieff

Will a new UK government make any difference to your business?

Yes. Any new government has serious decisions to make and different priorities which will impact on our people and clients.

We must hope we do not get a hung Parliament as we need clear leadership in order to implement the essential tough budgetary cuts. A hung Parliament will produce political 'horse trading', ineffective compromise and lack of direction – a recipe for failure of the recovery.

Do you think it will make any difference to Edinburgh?

The Edinburgh economy relies on the financial and services sector. Both face a very uncertain future. Edinburgh has also boomed with devolution and the growth in public sector over the last decade. The outlook for public finances is extremely bleak. Dr Andrew Goudie's Scottish Government report on the Outlook for Scottish Government Expenditure noted that public sector expenditure would begin to grow again from 2014/15, but may not return to 2009/10 levels, in real terms, until 2022/23. This could have a significant impact on the public and not for profit sector in Edinburgh.

What are your predictions for the economy (local and/or national) over the next 12 months?

The private sector will respond to the challenges and opportunities that a weak pound and easier employment market will bring and, through local and national growth, begin to draw us out of the current grim financial predicament. We see the renewables, bioscience, technology and tourism sectors as key areas where Scotland can draw upon its natural advantages and move ahead of the rest of the UK.

What excites and scares you most about the next year?

Political indecision and a failure of the Scottish Government to live up to their commitment to create an environment that promotes economic growth.

There are signs that the current financial challenges mean that there is a more realistic view being taken of the future and that this is itself leading to a more entrepreneurial spirit.

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