

# Scottish Enterprise's corporate plan

Unlocking Scotland's economic potential



**FOR INTERNAL USE ONLY**

# Contents

<u>Introduction</u>	3	<u>Our commitment - How we will work</u>	18
<u>Scottish Government's Vision for Scotland's economy</u>	4	<u>Collaboration in practice</u>	19
<u>Our purpose - What we are here to do</u>	5	<u>How we measure success</u>	21
<u>Our ambitions - What we will deliver</u>	6	<u>Our resources</u>	23
Building on success	8	<u>Building our capacity to deliver</u>	24
Innovation	9	<u>Our plan's evidence base</u>	25
International	12	<u>Our plan's strategic context</u>	27
Investment	15		

# Introduction

Colleagues, I am pleased to share with you, Scottish Enterprise's new corporate plan setting out our future strategic direction and areas of focus.

As the economic and policy environment in which we operate continues to evolve, Scottish Enterprise must be clear in our response, concentrating on those activities which support Scotland's economy to be in the best possible shape to adapt and respond to future opportunities, and shocks.

Greater levels of innovation, building international competitiveness and encouraging more investment in companies and infrastructure, will all help to unlock a more productive, more resilient, more competitive economy for Scotland. These are the areas

where Scottish Enterprise can deliver most value, making the biggest impact.

To fulfil our ambitions, we will bring our considerable skills and assets behind the National Strategy for Economic Transformation for which we have a critical delivery role. With a strong track record to build on, we will use our experience and insights to work collaboratively with partners, entrepreneurs, innovators and ambitious businesses, to drive transformation in the economy.

Most transformative will be how we join up our innovation, international and investment support. We know from experience that delivering projects and services that lie in the sweet spot between these activities is what makes the biggest, most lasting difference to companies and the economy - that's where our focus must be.

How we work will be crucial to what we can achieve, and I'm looking forward to closely collaborating with businesses, entrepreneurs, partners, investors - and all the team at Scottish Enterprise - to deliver our ambitious and shared priorities together.

This plan sets out how Scottish Enterprise will support Scotland's economic transformation and underlines our ambition to be an internationally focused innovation and investment agency.

**Adrian Gillespie**  
**CEO**





# Scottish Government's Vision for Scotland's economy

[The National Strategy for Economic Transformation](#) (NSET) sets out a long-term collective vision for Scotland's economy by 2032.

The strategy focuses on **five policy programmes** which have the greatest potential to transform the economy. They are designed to:

- stimulate entrepreneurship
- open new markets
- increase productivity
- develop the skills Scotland needs for the decade ahead
- ensure fairer and more equal economic opportunities.

These programmes are underpinned by a strong culture of delivery, which aims to transform the way support is delivered to people and businesses across Scotland. Scottish Enterprise will work with Scottish Government and partners over the summer 2022 to help shape delivery plans.

Vision	A Wellbeing Economy: Thriving across economic, social and environmental dimensions.				
Ambition	Fairer  Ensuring that work pays for everyone through better wages and fair work, reducing poverty and improving life chances.	Wealthier  Driving an increase in productivity by building an internationally competitive economy founded on entrepreneurship and innovation.	Greener  Demonstrating global leadership in delivering a just transition to a net zero, nature-positive economy, and rebuilding natural capital.		
Programmes of Action	Entrepreneurial People and Culture	New Market Opportunities	Productive Businesses and Regions	Skilled Workforce	A Fairer and More Equal Society
	A Culture of Delivery				

This plan sets out Scottish Enterprise's focus and the areas where we will work with others to deliver most value for the economy. We have a strong track-record to build on and will use our experience and insights to work collaboratively not only with partners in public and education sectors but also with entrepreneurs, innovators and ambitious businesses to drive transformation in the economy



# Our purpose

What we are here to do



## Purpose

Help businesses  
innovate and scale to  
transform the  
economy

Whether you are a new, early-stage, or existing business with ambitions to grow, we will work with you to stimulate investment in innovation, support you into high growth markets, boost export performance and build productive and engaged workforces that underpin sustainable competitive businesses

## Our goals:

**Unlocking Scotland's potential:** working closely with businesses, investors, universities, entrepreneurs and our partner agencies, we have a unique opportunity to shape and develop world-class solutions to global challenges, using the experience, innovation, know-how and natural assets we have here in Scotland and overseas.

**Seizing opportunities:** we will invest in business growth, helping to build future markets and develop capabilities in global opportunity areas, such as low carbon energy, health and wellbeing, technology and data and advanced manufacturing. By doing this, we can deliver long term prosperity for Scotland's businesses and people, as well as ensuring Scotland benefits from the huge changes and disruption taking place in the global economy.

**Increasing competitiveness:** we will support ambitious businesses to be in the best possible position to take advantage of these opportunities, helping them to be more resilient to economic shocks and supporting future growth, working with them to adopt more innovation, to invest more and to internationalise. These are the areas which will enhance their long-term competitiveness and productivity.

**Boosting business sustainability:** we will support companies to improve their business performance, helping them adapt to changes emerging from the transition to net zero and development of a climate resilient Scotland. Targeting fast-growing green market opportunities, decarbonising supply chains, and adopting new, low carbon technologies all deliver improved productivity and business sustainability. We will also work with companies to encourage them to embed fair work, engaging workers to improve performance and remaining attractive to employees, customers and investors.



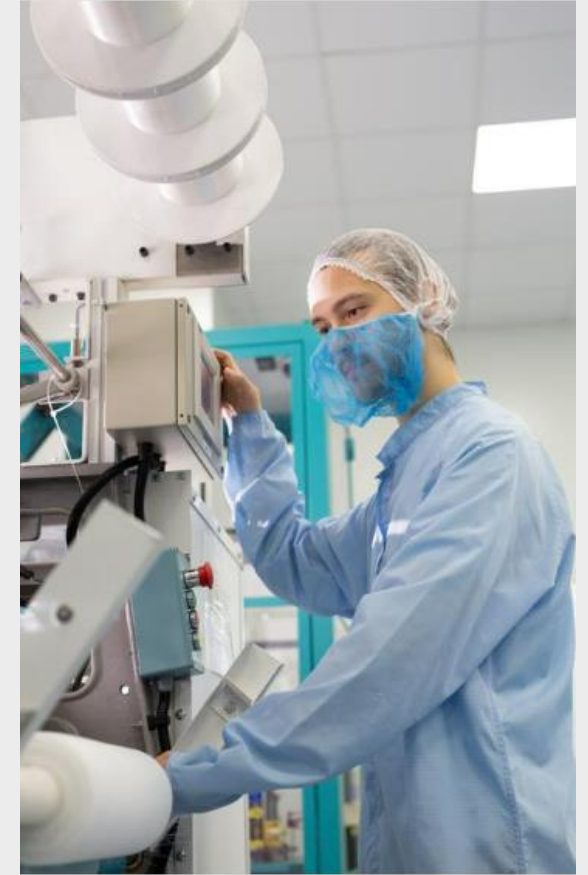
# Our ambitions

## What we will deliver

Scotland's economy is diverse, both in terms of the industries and sectors established here and our geography.

So, we need to focus where we can achieve the best possible impact for Scotland's future economy. We will concentrate our efforts where we can harness **innovation** (process, product and service innovation as well as new technologies and research) to build Scotland's **international** competitiveness and deliver new **investment** into the economy, either directly into companies or into infrastructure that will ensure innovative and internationally minded companies can start and grow in scale.

**Together, these will drive the changes** needed to boost business sustainability and productivity to secure a wealthier, fairer and greener economy. They are also the areas where Scottish Enterprise can make the biggest difference – where our expertise and capabilities lie and where we can focus on delivering a few things exceptionally well. By doing this, we can most usefully support a transformation in the economy which delivers business competitiveness and growth alongside fair work outcomes and a successful transition to net zero.



# Our ambitions

What we will deliver



Innovation, international and investment are not separate from each other. They are inter-dependent, and our ambitions can only be successfully realised if we understand and maximise that interconnection, and work with others to deliver across these areas.

The activities that deliver the most transformative outcomes will lie in the sweet spot between innovation, international and investment and align to emerging fast growing markets such as low carbon energy, health and wellbeing, technology and data and advanced manufacturing

# Our ambitions

## Building on success

Scottish Enterprise has a strong track record in supporting ambitious companies across Scotland to grow and scale through innovation, investment and internationalisation. We use our networks, insights and experience to deliver projects that help businesses take advantage of opportunities. We also look for solutions to economic challenges, and help businesses deal with problems such as rising costs, skills and logistics issues and supply chain pressures.

We know that we get good returns from:

- **Business development and advice:** working closely with companies to achieve growth objectives, from scaling up through to succession planning and collaboration opportunities
- **Providing innovation support:** offering support for new product and service development, helping to access R&D funding and providing support for innovation
- **Export and international market support:** helping companies to start exporting or expand their international sales through a range of online and specialist support
- **Targeting capital and inward investment** that align with economic opportunities
- **Supporting businesses to transition to net zero** through specialist advice and support
- **Investing in projects** that support regional innovation assets and build connections with company capabilities

Our operational focus will be on activity that delivers across our innovation, international and investment priorities. Through this targeted approach, we can deliver the kinds of projects (below) that deliver economic transformation

A SMART R&D Grant was awarded to **Emergency One** to develop the world's first fully electric fire engine which uses battery power for both its engine and water hose pump and is a direct result of innovation work by the company. The company has recently celebrated an export deal with Herault Fire Services in France to supply them with this new vehicle. The company is poised to target further international markets with their new net zero emergency vehicle whilst contributing to Scotland's own Net Zero targets. Supported by funding from Transport Scotland, Emergency One will help roll the prototype into production and manufacture the vehicle in Scotland.

---

Over the next four years, the £25m [Low Carbon Manufacturing Challenge Fund](#) will support innovative proposals to reduce our carbon footprint through manufacturing and help companies take new products into overseas markets. The Fund encourages ideas to speed up adoption or development of low carbon products, services, technologies or processes and aims to reduce emissions from an industry which supports hundreds of thousands of jobs and accounts for more than half of Scotland's exports. Scottish manufacturing business can apply for a grant and projects can use pure R&D, capital investment or environmental aid support to speed-up the transition to a low carbon economy in manufacturing. This grant is part of Making Scotland's Future activity, a programme led by Scottish Government and delivered by a range of partners to help Scottish manufacturers grow and thrive. The challenge applies to companies based in Scotland and all companies must follow Fair Work practices.





# Our ambitions

What we will deliver



## Innovation

### Scottish Enterprise's ambition

Improve Scotland's innovation performance and reputation, making Scotland the leading innovation nation in the UK – by getting behind or creating partnerships to enable an integrated approach to delivery built around economic opportunities and the creation of innovative places across Scotland.

### Why it's important

Innovation and innovative places are fundamental for a thriving economy and to tackle current challenges in the business environment. Our evidence tells us that innovative businesses drive productivity growth, are more competitive and are three times more likely to successfully internationalise. Innovation also attracts research, talent and investment boosting Scotland's success and reputation in international markets – all helping to create better quality jobs that pay higher wages.

We need to do more, along with others, to maximise Scotland's innovation assets and research excellence and help translate these into growth. In this way, we can close the gap in innovation performance and support Scotland to become a leading location for net zero innovation and a fair work nation.



# Our ambitions

## What we will deliver



## Innovation

### Driving transformation: *Our innovation priorities*

**Stimulate innovative places and ecosystems.** Prioritise, join up and leverage greater impact from Scotland's existing innovation assets. Bringing together entrepreneurs, businesses, research & development expertise and universities in a way that energises those involved to create, to co-develop and share knowledge that leads to more innovation.

Our approach to prioritise innovative places will be through the lens of economic opportunities where Scotland has, or will have, international competitive advantage, and our ambition is to have more companies across Scotland use these assets to achieve better performance outcomes.

**Boost company innovation.** Support innovation in all its forms - people, products, processes, practices and widespread adoption of innovative solutions to fuel competitiveness. Through a blend of expertise, networks and funding we will work with companies to encourage them to grow and scale through innovation. We will stimulate

opportunities for them to demonstrate their innovation by raising awareness and supporting the transition into emerging market opportunities, such as in net zero and stimulate more demand driven innovation (from private and public sector) to encourage more innovative Scottish suppliers. We are committed to supporting early-stage start-up companies to embrace innovation from the outset and to scale existing SMEs. We will help them throughout their journey to make connections with Scotland's innovation assets and research excellence and to advance their international footprint where appropriate. We will also support large companies to innovate, building resilient supply chains, anchoring them in Scotland and creating quality jobs and new investment.

**Integrated delivery.** Align and integrate our support for companies, entrepreneurs, international investment and talent, innovation assets, places and systems, targeting our investment on those opportunities that will drive the greatest economic impact. We will use this approach to build and strengthen relationships across industry, academia and Team Scotland partners and use those relationships to help deliver Scotland's innovation activities and strategy. Scottish Enterprise is uniquely placed to do this with its international, national and regional remit.



# Our ambitions

## What we will deliver



# Innovation

Priority	What we will do to deliver our ambition
<b>Stimulate innovative places and ecosystems</b>	<ul style="list-style-type: none"><li>• Identify priority innovative places where Scottish Enterprise will allocate resource in the medium-long term and develop our approach to connecting these assets – both with companies and with Scottish Enterprise’s national programmes, set up to prioritise and align action behind major opportunities for Scotland’s economy in the longer term.</li><li>• Support the development of solutions on public procurement alongside policy and regulation to stimulate action by the private sector.</li><li>• Work with partners to simplify the existing support landscape to ensure many more Scottish companies can access the right innovation at the right time, to enable growth.</li><li>• Support the development and delivery of the next stage of the Innovation Centre Programme.</li><li>• Establish and strengthen relationships with external funders to help lever funding into our economic opportunities.</li></ul>
<b>Boost company innovation</b>	<ul style="list-style-type: none"><li>• Continue to drive a targeted approach to stimulate more company R&amp;D and greater exploitation of HE research excellence through partnership between business, Scottish Enterprise and the university sector.</li><li>• Support early-stage companies and SMEs to innovate and transition into emerging domestic and international market opportunities.</li><li>• Co-develop and deliver with the Business Support Partnership a broad holistic range of innovation support to support company growth, enabling them to benefit from emerging market opportunities in areas like low carbon and the circular economy.</li><li>• Encourage more companies to use Scotland's innovation assets such as Innovation Districts, Innovation Centres and the National Manufacturing Institute Scotland.</li><li>• Stimulate more demand-driven innovation from both private and public sectors to open markets to innovative companies and create supply chain opportunities for SMEs.</li></ul>
<b>Integrated delivery model</b>	<ul style="list-style-type: none"><li>• Undertake a review of National Programmes and align with NSET Future Markets delivery plan.</li><li>• Encourage greater collaboration and connectivity between Innovation Centres, higher education institutions, research centres – including Team Scotland partners – to help develop and deliver economic opportunities where there is benefit to Scotland’s economy.</li><li>• Share learning and proactively engage in the global community of innovation leaders, while working with partners and stakeholders to help shape and deliver Scotland’s Innovation strategy.</li></ul>



# Our ambitions

What we will deliver



## International

### Scottish Enterprise's ambition

Scotland to be viewed as a leading European location to start, scale and internationalise a business; as a magnet for talent to work in Scotland's most ambitious companies; and as a profitable and successful place to invest capital in opportunities which will accelerate Scotland's transition to net zero.

### Why it's important

Internationalisation is a key driver of productivity growth alongside innovation and investment and will be a major contributor to Scotland's long-term economic prosperity. International success will reinforce Scotland's strong inward investment performance, strengthen our supply chains, enhance Scotland's R&D and capital expenditure, increase Scottish exports and build Scotland's position as a magnet for talent - all of which creates more opportunities for Scotland's most

ambitious companies to grow further.

Whether we're helping Scottish exporters to grow through international activity, creating jobs through inward investment or attracting funding which will help deliver tomorrow's Scotland – connecting more companies to global opportunities for the benefit of people and places across Scotland is critical for success.





# Our ambitions

## What we will deliver



## International

### Driving transformation: *Our international priorities*

**Boosting trade.** Support innovative and ambitious Scottish companies in the science & technology, consumer industries and energy and low carbon sectors to scale up and grow through international trade, with more tailored support for early-stage companies and SMEs to scale up through internationalising.

We will target our effort in priority markets, offering the right support according to companies' specific needs.

**Delivering Inward Investment success.** Our focus will be on leveraging Scotland's assets in targeted opportunity areas such as hydrogen, to successfully attract inward investment and build strong supply chains. We will target foreign-owned, larger companies in opportunity areas, as well as medium-sized existing investors and Scotland-based firms newly acquired by international companies to secure their presence. We will also proactively communicate to investors the long-term benefits of investing in a country with a fair work commitment

and leading net zero targets, as part of a wider narrative about our values, and provide company support to build capability and capacity in these areas.

### **Building an investor-ready pipeline of capital investment opportunities.**

Work in partnership to promote Scottish opportunities in key global markets, leveraging our investor relationships to maximise impact. In particular, we will expand the pipeline of new capital opportunities, focusing on attracting investment into areas such as hydrogen.

**Networks and talent.** Scotland needs to strengthen its position as a magnet for talent. Attracting and retaining highly skilled talent, entrepreneurs and early-stage firms from overseas and the rest of the UK forms an important part of our international ambition and boosts competitiveness. We will build on the work and connections of our overseas networks and bodies such as TalentScotland, GlobalScot and Scotland Europa, to attract early-stage companies, highly skilled talent and entrepreneurs from abroad and the rest of the UK.



# Our ambitions

## What we will deliver



## International

Priority	What we will do to deliver our ambition
<b>Boost trade</b>	<ul style="list-style-type: none"><li>• Provide specialist trade support for companies that will make strong contributions to Scotland's export performance, tailoring support to business needs.</li><li>• Build greater awareness of trade support, stimulating demand across Scottish Enterprise company support.</li><li>• Work with more cohorts of early-stage companies and SMEs, building linkages with the Scottish early-stage ecosystem (e.g. EDGE, Entrepreneurial Scotland) and tech scalers, supporting companies to "design in" trade to their business plans to build a larger pipeline of future high performing exporters.</li><li>• Strengthen our use of digital channels to go wider and deeper with existing resources, using detailed analysis and market intelligence to identify areas of focus and opportunity.</li><li>• Greater focus on targeted roundtables, missions, meet the buyer events (virtual and face to face) and targeted company engagement in lead up to, and at, events.</li></ul>
<b>Deliver Inward Investment success</b>	<ul style="list-style-type: none"><li>• Deliver step-change in our inward investment performance to secure more Living Wage jobs and wider benefits, such as supply chain opportunities and raising Scotland's profile as a location for investment benefits.</li><li>• Increase focus on Energy Transition &amp; Software/IT. ScotWind is expected to be the main source of our inward opportunities and successes in the coming years, where we will attract international companies to meet the supply chain and local content needs of developers.</li><li>• Work more closely with investors offering the greatest potential for future growth for Scotland's businesses and regions / places.</li><li>• Work with regional partners to manage relationships with a wide range of existing investors to maximise current and future investment opportunities in Scotland.</li><li>• Target international events which offer greatest potential to showcase Scotland and generate new inward investment opportunities.</li></ul>
<b>Build an investor ready pipeline</b>	<ul style="list-style-type: none"><li>• Proactively promote Scotland's green investment portfolio through targeted international engagement, to meet the target of promoting £3bn of investable opportunities by the end of 2022. As part of this, examine commercial financial mechanisms such as a Green Hydrogen Bond.</li><li>• Lever the full potential from existing assets such as Clyde Gateway and Glasgow's innovation districts to secure greater investment, generating jobs and associated investment benefits, working with Business Growth to engage with relevant innovative companies.</li></ul>
<b>Networks and talent</b>	<ul style="list-style-type: none"><li>• Leverage to better effect the connections and insights of GlobalScots, Scotland Europa and Scottish Enterprise in-market specialists to attract entrepreneurs and early-stage companies, building on Scotland's reputation as a supportive business growth and investment eco-system.</li><li>• Work with partners to review and streamline the talent attraction eco system, creating refreshed proposition material, improving the Talent Scotland online resources, and identifying and investing in new technologies to deliver talent services.</li></ul>



# Our ambitions

What we will deliver



## Investment

### Scottish Enterprise's ambition

Significantly increase the number of businesses, entrepreneurs and early-stage companies in Scotland who have the ability to grow to a scale where they have a major impact on the economy, nationally or regionally.

### Why it's important

We need more businesses to scale up to maximise Scotland's economic potential. We need to see a step change in levels of productivity, innovation, internationalisation and investment which in turn will create better quality jobs that pay higher wages.

The investments we make in businesses and places come in a number of ways – expertise, advice, grants, loans, equity, networks, connections, intelligence and insights. We focus these investments on building an economy that is resilient and fit

for the future and we continue to look at new and innovative ways to use all the resources at our disposal to create the right environment for sustained success.

Working with partners from the public and private sector we will invest in ambitious companies, regions, places and industries to ensure we have a dynamic and future-oriented economy.



# Our ambitions

## What we will deliver



## Investment

### Driving transformation: *Our investment priorities*

**Early-stage and entrepreneurship.** Support innovative, high growth potential companies to start and scale - offering business growth, financial readiness advice and investment tailored for start-up and early-stage businesses. Encourage the development of peer-to-peer networks and build connections to allow high growth businesses to share best practice, raise ambition levels and grow successfully. Work within a connected eco-system of techscalers, accelerators, incubators, universities and investors to boost the pipeline of early-stage businesses, building strong relationships with partners operating in the high growth business support space (such as South of Scotland Enterprise, Highlands & Islands Enterprise, Innovate UK, British Business Bank and Scottish National Investment Bank) to ensure complimentary offerings and streamlined support.

### **Deliver a flexible and connected business support model.**

Focused on working with early stage, SME & large companies that will grow, and prioritising companies that will have the biggest impact on

Scotland's national and regional economies. Enable businesses and regions to seize opportunities and consider the impacts of changing markets, ensuring a just transition to a net zero economy. Create a distinct offering to drive Scotland's innovation, investment, productivity and exporting performance - target our support on companies with the potential to transform the economy, or significantly boost regional productivity and growth.

**Culture of delivery.** Lead towards a collaborative "Team Scotland" model for business engagement across the public sector - work seamlessly with the Business Support Partnership to deliver a joined-up customer support model, that will allow us, collectively to drive competitiveness, transforming the way support is delivered to businesses.

**Investment across regions and places.** Be more flexible in our regional approach so that we can respond to the specific needs and opportunities which exist within regions. Strong partnership working will be key to identifying what role Scottish Enterprise can play in addressing these.





# Our ambitions

## What we will deliver



## Investment

Priority	What we will do to deliver our ambition
Early Stage and entrepreneurship	<ul style="list-style-type: none"><li>• Develop alliances and strategic partnerships with techscalars and other entrepreneurial places, bringing coherence to the entrepreneurship agenda, embedding Scottish Enterprise staff and expertise in diverse communities and regions, working with companies who have similar values on fair work and net zero.</li><li>• Support growth in Scotland's Risk Capital Market through co-investing with private sector investors, to increase availability of start-up and growth capital.</li><li>• Attract international entrepreneurs, early-stage companies and investors through Scotland's reputation of a supportive business growth and investment eco-system.</li><li>• Support initiatives focused on diversity in companies – with our expertise, advice, connections and commercial investment.</li><li>• Play a key role in supporting the delivery and success of eco-system partner entrepreneurship programmes, focusing on understanding the landscape and connecting entrepreneurs and companies to opportunities.</li></ul>
Deliver a flexible and connected business support model	<ul style="list-style-type: none"><li>• Focus our work on companies with potential to transform the economy, explicitly delivering support for the benefit of the economy.</li><li>• Prioritise Account Management company work - through national programme supply chains and/or significant regional productivity and growth.</li><li>• Clarify our proposition and priority outcomes, leveraging our strategic relationships, piloting approaches and prioritising national opportunities through the National Programmes, supply chains and new market opportunities e.g. ScotWind.</li><li>• Focus support on companies with &gt;10 employees and those in our early-stage portfolio that have the ambition and potential to grow at pace.</li><li>• Working within the Business Support Partnership employ a digital first approach, with more targeted services delivered to individual companies and groups of companies in similar sectors or stages of growth.</li></ul>
Culture of Delivery	<ul style="list-style-type: none"><li>• With the Business Support Partnership, implement a new culture of delivery to streamline, align and transform Scotland's business support ecosystem, enabling companies to navigate and access available support easily and widening our collective reach to support more companies. As part of this, embed the Target Operating Model and provide clarity on organisational roles and delivery focus.</li><li>• Analyse the market and share insights and knowledge – to focus on where public sector efforts are working and where increased support is needed.</li><li>• Focus on performance - enable better use of data and insights at company, segment and portfolio levels and better use customer insights.</li></ul>
Investment across Regions and Places	<ul style="list-style-type: none"><li>• Work with local and regional partners through regional economic partnerships to help shape regional strategies and plans that translate Scotland's internationally competitive strengths into action, opportunities and benefits across all parts of Scotland.</li><li>• Provide clear delivery plans for Scottish Enterprise's role in regions. Work with partners to maximise outcomes at international, national, regional or local levels.</li><li>• Develop regional engagement platforms to increase visibility of Scottish Enterprise's company support and referral processes, to further embed a new focused approach on collaboration and partnership to support regional needs.</li></ul>



# Our commitment

## How we will work



**Take a fresh approach to company engagement** – this is core to what we do. Our company support is embedded across our innovation, international and investment priorities. We will deliver in a way that enables us to work more closely with both cohort groups and individual companies who have the ambition to grow and scale; and we will reach more companies through digital-enabled services and working with partners in the Business Support Partnership



**Succeed in our global, national and regional roles** - NSET is underpinned by national priorities that will be delivered in a way that supports regional and local communities. Scottish Enterprise will effectively manage the unique role we can play in combining our international and national perspective with our regional role



**Use our networks, insights, foresighting and experience** of what works to help deliver economic transformation. Through the intelligence, global thought leadership and connections of our colleagues in Scotland and overseas, including the GlobalScot network and Scotland Europa, we will realise opportunities and address structural challenges standing in the way of economic prosperity



**Provide solutions** - although there are continuing challenges for businesses (rising costs, skills and logistics issues, and supply chain pressures), there is business optimism, with many Scottish companies expecting to recover and prosper. Scottish Enterprise's role is to provide solutions to economic challenges in collaboration with partners



**Be outward looking and focus on the things we are good at** - the long-term vision and priorities in NSET will help build economic resilience and support businesses in Scotland to take advantage of opportunities in areas such as hydrogen, where we are competitive and where we have strong economic assets and capabilities



**Strengthen relationships** with key businesses, industry leaders, universities and international partners (via Scotland Europa and Globalscots) to collectively further build Scotland's proposition and enhance our international reputation



**Work with others to deliver NSET** - as a prime deliverer, Scottish Enterprise will work with companies, sectors and partner bodies to deliver economic transformation and business opportunities across Scotland. We will draw on the strengths of people and organisations across the economy as part of a Team Scotland approach



**Focus on fair work and net zero** - across our activities, we will target our support on companies committed to adopting fair work and net zero business practices. We will also tackle disadvantage relating to groups (including gender, disability, race and age) in the activities that we deliver through our Equalities Champions and Equality & Fairer Scotland Duty Impact Assessments. Fuller details including background on our equality outcomes are set out in our [Mainstreaming Report](#)



# Collaboration in practice

**A unique aspect of Scottish Enterprise's success comes from the power of our networks.** We operate in a wider eco-system, working with partners across Scotland and overseas, focused on creating the best place for businesses to thrive and be in the best possible position to benefit from market opportunities. We must make the most of our connections with businesses, industries, policy-makers, and thought leaders both nationally and internationally to build strategic relationships that drive benefits for Scotland's economy. Our GlobalScot network has expanded to over 1,000 network members. We are celebrating 30 years of championing Scotland in Europe through the work of Scotland Europa – we will continue to embrace a culture of delivery that looks for ways to share learning and experiences and collaborate in delivering more for Scotland's businesses and people, for example:

## strengthening Scotland's international networks and reputation –

Scotland's expertise remains highly sought after in our EU expert networks. The insights and knowledge developed through formal and informal networks over the years has helped develop our strategies and services and prepared Scotland to share expertise, collaborate, and learn from our partners, whilst maximising existing and building new relationships.

In the past year we celebrated 20 years of working with the ERRIN network and we continue our work with EURADA (European Association of Development Agencies) - who share a 30th birthday with Scotland Europa this year - working with our economic development partners, on Net Zero, regional innovation and future economy in particular.

Scotland is also a founding member of the Vanguard Initiative, piloting work focused on advanced manufacturing and hydrogen to accelerate the development of a hydrogen economy in Europe.

The collaboration will support key outcomes including shaping and delivering the benefits of the forthcoming Innovation Strategy for Scotland.



## delivering world-class innovation assets and R&D facilities - the Boeing

Scotland Alliance (a strategic agreement between Scottish Enterprise and Boeing) is creating significant new opportunities for companies, universities and regions across Scotland to explore innovations within the aviation sector which support Scotland's transition to a net zero economy. It has the aim of doubling Boeing's supply chain and creating 200 new quality jobs in the next five years.

Under the Alliance, NMIS and Boeing officially opened a new R&D facility within the Advanced Manufacturing Innovation District Scotland. Aiming to reduce materials waste and identify opportunities to improve safety, productivity, and the environmental impact of its aircraft, novel manufacturing technologies for metallic components are being explored. In addition, Scottish Enterprise and Boeing have jointly invested into three Scottish companies which were part of Boeing's Aerospace Xelerated early-stage accelerator programme. One of these companies has already gone on to raise significant investment from third-party investors to continue their growth plans.

The collaboration will support key outcomes including increased innovation and business R&D in key industries and sectors; promoting strategic clusters to attract inward investment and strengthen local supply chains; and increasing the number of companies that grow to scale.



# Collaboration in practice

**delivering a collaborative model of business support** - the Business Support Partnership is a partnership between Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise, Local Government via COSLA, SLAED (Scottish Local Authority Economic Development Group), Business Gateway, Skills Development Scotland and Scottish Government with input from sector specific agencies ie Creative Scotland and Visit Scotland.

The mission of the Business Support Partnership is to ensure that businesses across Scotland can navigate and in a simple, clear and straightforward way, access the right kind of support at the right time. The Business Support Partnership is transforming the way we design and deliver support to people and businesses across Scotland. By developing a more streamlined support network, this multi-partner programme will enable Scotland's businesses to pursue their ambitions and achieve their full potential.

The collaboration will support key outcomes including increasing the number of companies that grow to scale; increasing the total number of successful new businesses created; driving work to increase Scotland's innovation levels & exports; and focusing support on improving the productivity of businesses operating in internationally tradeable sectors.

**working with private sector investors to support innovative high-growth, early-stage companies** - Scottish Enterprise has unlocked more than £2 billion of private sector co-investment in early-stage companies operating from Scotland.

Through our commercial investment activity, we have invested more than £770 million of Scottish Enterprise investment to help unlock funding from private investors.

More than 600 young, innovative companies have benefitted from the growth funding activity, with a significant number excelling in areas of future economic opportunity such as digital health and net zero technologies.

Collaborating with private sector investors has helped transform Scotland's risk capital market to cultivate an entrepreneurial environment that attracts hundreds of millions of pounds of domestic and international investment to Scotland each year. Scottish Enterprise and private sector investors have supported the growth of some of Scotland's most innovative companies by providing them with the investment and advice they needed to start-up, commercialise and scale.

This collaboration effort supports key outcomes including increasing the number of companies that grow to scale; and increasing the total number of successful new businesses created.





# How we measure success

Through [our performance framework](#), we actively measure progress of our plan, and the impacts of our support across innovation, international, investment, net zero and fair work. The framework helps us to track and monitor not only what we deliver, but how we deliver it. Analysis and insights from the framework allows us to better understand what works, and what has the greatest impact on Scotland's economy.

Our framework also allows us to monitor the contribution we make to the long-term goals of the National Strategy for Economic Transformation and the Scottish Government's National Performance Framework. In this way, we can demonstrate the value and return we provide for the public purse.

To address the gap between Scotland and the best performing economies and to achieve Scottish Government strategic ambitions, these measures and ranges have been established by Scottish Enterprise to track performance.

2022-23 SE outcome measures		
	Range bottom	Range top
Planned jobs paying at least the Real Living Wage	12,000	14,000
Planned innovation investment (£m)	250	300
Planned capital investment (£m)	320	380
Growth funding raised by business (£m)	310	370
Planned international exports (£bn)	0.9	1.5
Estimated CO2e savings (tonnes 000s)	325	425



# How we measure success

## Performance Measurement Framework

Published outcomes					
Planned jobs paying at least the Real Living Wage	Planned innovation investment £ (businesses, places)	Planned capital investment £ (businesses, places)	Growth funding raised by businesses £	Planned international exports £	Estimated CO2e savings (businesses & projects)
Supporting measures					
<b>Planned jobs:</b> <ul style="list-style-type: none"><li>• Green</li><li>• New</li><li>• Safeguarded</li><li>• Inward investors</li><li>• Scottish businesses</li></ul>	<b>Innovation:</b> <ul style="list-style-type: none"><li>• R&amp;D investment £ (SE, private, other public)</li><li>• Other innovation investment £ (SE, private, other public)</li><li>• Number of innovation projects (product/service or process)</li><li>• Sales from innovation</li></ul> <b>Fair innovative &amp; transformative work:</b> <ul style="list-style-type: none"><li>• Number of companies committed to/implementing fair, innovative &amp; transformative work practices</li></ul>	<b>Capital expenditure:</b> <ul style="list-style-type: none"><li>• Leverage: (SE, private, other public)</li></ul>	<b>Growth funding:</b> <ul style="list-style-type: none"><li>• Investment leverage £ (SE, private, other public)</li><li>• Number of companies supported to improve financial readiness</li><li>• Number of companies supported to improve financial readiness that secure growth funding</li></ul>	<b>Sales:</b> <ul style="list-style-type: none"><li>• Exports: No of new products/services launched in new international markets (exported from the UK for the first time by supported companies)</li><li>• Exports: No new markets (countries) entered (by supported companies)</li><li>• UK sales</li></ul>	
<b>Net Zero:</b> <ul style="list-style-type: none"><li>• Number circular economy projects</li></ul>		<b>Early stage, high growth entrepreneurship:</b> <ul style="list-style-type: none"><li>• Number of early-stage companies supported</li></ul>			
Tracking measures					
<b>Project contribution to Economic themes:</b> <ul style="list-style-type: none"><li>• Climate</li><li>• Digital &amp; data</li><li>• Advanced manufacturing</li><li>• Health &amp; Wellbeing</li></ul>	<b>Project contribution to National Programmes:</b> <ul style="list-style-type: none"><li>• Digital Tech Scaling Up - Levelling Up</li><li>• Zero Emissions Heavy Duty Vehicles (HDV)</li><li>• Health for Wealth</li><li>• Decarbonising Heat</li><li>• Hydrogen Economy</li><li>• Scotland in Space</li><li>• Future Healthcare Manufacture</li></ul>		<b>Project contribution to Inward Investment Plan opportunities:</b> <ul style="list-style-type: none"><li>• Energy transition</li><li>• Decarbonisation of Transport</li><li>• Software and IT</li><li>• Digital Financial Services</li><li>• Digital Business Services</li><li>• Space</li><li>• Healthtech</li><li>• Transformation of Chemical Industries</li><li>• Food &amp; Drink Innovation</li></ul>		<b>Nature of project assistance:</b> <ul style="list-style-type: none"><li>• Advice</li><li>• Funding</li></ul>



# Our resources

## 2022/23 Financial Summary

Scottish Enterprise plan to utilise capital and resource income derived from Financial Transactions funded expenditure to support the overall operating plan.

Due to the nature of our involvement in the Early-Stage Investment market, Expected Credit Losses and Write Offs of up to £35m are estimated in 2022/23.

At this stage, no budget cover for these costs have been provided by Scottish Government and they will be treated as an in-year cost pressure for the Scottish Government. Given the lack of budget provision, these costs are not included in the table at this stage.

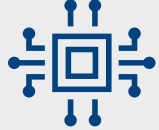
Planned income	2022/23
	£m
<b>Scottish Government Funding</b>	
Grant in Aid - Resource allocation (baseline)	135.1
Anticipated in-year transfers (net)	2.4
<b>Total anticipated Grant in Aid – Resource Allocation</b>	<b>137.5</b>
Grant in Aid – Capital allocation (baseline)	70.0
Grant in Aid – Capital allocation (Green Jobs Fund)	10.0
Anticipated in-year transfers – Capital (net)	19.4
Grant in Aid – Financial Transactions allocation (baseline)	36.1
<b>Total anticipated Grant in Aid – Capital and FT Allocation</b>	<b>135.5</b>
<b>Total anticipated Scottish Government Funding</b>	<b>273.0</b>
<b>Other Business Income</b>	
EU Funds	8.4
Property Disposals	19.4
Property Income	5.8
Other Business Income (excluding Growth Investments)	8.9
Growth Investments Income	68.7
Of which:	
Loan Repayments, Fund Receipts and Other Income	11.2
Equity Exits	57.5
<b>Total Other Business Income</b>	<b>111.2</b>
<b>Total Income</b>	<b>384.2</b>

Planned investment	2022/23 Indicative Split of Expenditure
	£m
Investment	154.3
International	101.5
Innovation (including R&D)	72.9
Enabling Services	55.5
<b>Total Cash Investment</b>	<b>384.2</b>



# Building our capacity to deliver

Our plan will be bolstered by a digital strategy, finance strategy and people strategy



## Digital

The new digital and data strategy will give us a clearly defined purpose of digital as an enabling service to deliver Scottish Enterprise's ambitions. We will establish a governance and operating model that supports delivery of outcomes and exploitation of existing digital assets. Data is recognised as the key source and opportunity to create value across the Scottish ecosystem. It will be critical that our strategy and the execution of it delivers this value, and that work is done in partnership and collaboration with key partners in the economic development and skills family. Setting strategic direction, execution confidence and value from data are the key facets of our vision going forward and creating an environment in which continuous learning and improvement will thrive within an engaged and connected team.



## Finance

The indicative budget allocations for Capital and Resource activities provided by the Scottish Government gives a strong foundation and greater certainty for Scottish Enterprise financial planning. Our finance strategy will reflect the scale of our ambition over the next 3 to 5 years. It will reflect the multi-annual budget settlements received from the Scottish Government together with Scottish Enterprise's own business income strategy (both, the options for generating income from the assets and activities under Scottish Enterprise's direct control and our external funding strategy, including other potential sources of funding that we can use directly, or help our partners to access in order to progress the developments in the Scottish economy that we jointly seek). The finance strategy will allow us to provide indicative multi-annual budget allocations across the business that will support the development and delivery of our current and future project and programme pipeline.



## People

Our ability to deliver the ambition and priorities in this plan is determined by our most important asset: our people. The knowledge, expertise and connections of our national and global teams is key. In the face of ongoing challenges and uncertainty in the business environment, we will continue to invest in the development of our people and build an engaged, productive and innovative culture. We will ensure that colleagues can further enhance their knowledge so we can better support company needs, develop and deliver impactful interventions and build clear insights on market opportunities when we see them.





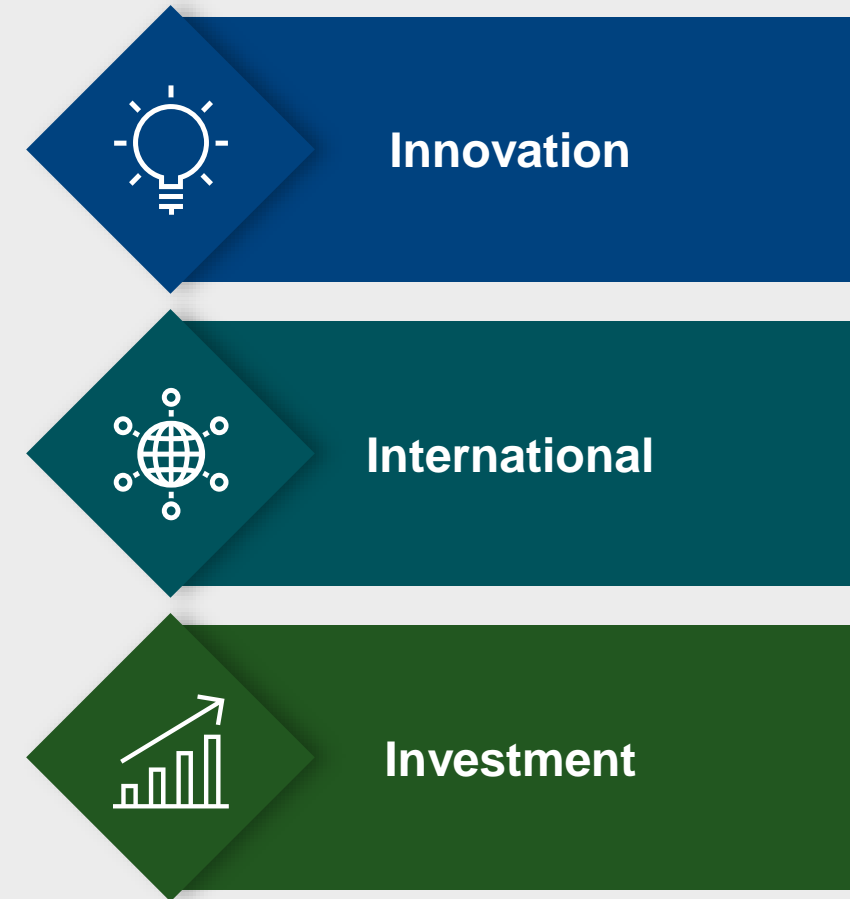
# Our plan's evidence base

As the global economic environment continues to change rapidly, we must focus our collective efforts on the actions that will shift those persistent challenges, to unlock more innovation and drive a productive economy that can adapt and respond to future opportunities and shocks.

Scottish Enterprise not only helps businesses to build resilience and grow, but also helps them adapt and diversify to address emerging market opportunities. Staying ahead of the competition, requires a forward-looking, curious and global mindset. Business leaders need to continually review how they operate. Businesses and industries better able to manage change – including adopting

transformative digital technologies, adapting to climate change and investing in new types of job, skills and business models – must form the foundation of a dynamic and innovative Scottish economy that delivers future prosperity for all.

The focus of our plan will be on actions that improve the performance of Scotland's businesses in key areas. Put simply, we want to work with more businesses with growth ambitions to innovate, export, invest and adopt responsible business practices – and in doing this, help them manage change and close the gap in Scotland's relative performance.



# Our plan's evidence base

## Why it's important

### Innovative businesses:

- are more productive, innovative, export focused
- pay higher wages
- grow twice as fast than non-innovators
- business R&D supports 16,200 Scottish jobs

## What's the challenge?

- Business innovation activity is low - just 39% of Scottish businesses (with 10+ employees) are 'innovation active'.
- Also, business R&D investment is concentrated - just 10 companies account for almost 50%; inward investors account for 65%.
- To match best performing economies Scotland needs 2,100 more businesses innovating (+25%) and £1.8bn more R&D a year (+75%).

### Exporters & inward investors:

- are more productive and innovative
- pay higher wages
- inward investors employ 700k workers
- exporting supports 470k Scottish jobs

- The proportion of Scottish businesses that export overseas is lower than most other UK regions and countries. Just 7% (12,400) sold internationally in 2019.
- 18% of non-exporters believe that they have goods and/or services are suitable for exporting = 20,000 potential exporters.
- Exports relatively concentrated, with three sectors (food & drink, petroleum/chemicals and professional/scientific services) accounting for 41%.
- To match best performing economies Scotland needs 5,500 more exporters (+45%), and £9bn more exports (+30%) to meet Scottish Government target.

### Investment:

- **Business investment** boosts efficiency and productivity
- **Risk capital** supports innovative, high-growth potential and early-stage businesses to reach scale
- **Scaling businesses** are more productive, innovative and export focused

- Scotland's business investment rate lags nearly all other OECD economies, resulting in a low capital stock – this can affect the quality of the workplace and the productivity, and quality of jobs. In turn, this can impact the ability to effectively innovate.
- To match best performing economies Scotland needs £13bn more capital investment a year (+120%).



# Our plan's strategic context

The Scottish Government's ambition for Scotland is to create an economy that is **fairer, wealthier** and **greener**. These things matter to Scottish Enterprise too. More productive employment, increasing the overall productivity and competitiveness of businesses and grasping fast-growing market opportunities presented by the transition to net zero are all critical for growing companies and ensuring Scotland's future economy is resilient and fit for purpose.

In responding to NSET's vision and strategic priorities, Scottish Enterprise will **focus on those areas where we can deliver most value for the economy**. We have a strong track-record to build on and will use our experience and insights to work collaboratively not only with partners in public and education sectors but also with entrepreneurs, innovators and ambitious businesses to drive

transformation in the economy. With the rapid pace of change in the global economy, we need to flex, be innovative in our approach and when necessary, constructively challenge where things can be improved.

We will help deliver the **international ambition** set out in NSET and the international strategies that sit behind it, with global recognition of Scotland as a nation of entrepreneurs and innovators. Through our engagement with Scottish exporters, we will deliver the strategic priorities in [A Trading Nation](#), aligned to the principles set out in A Vision for Trade. We will also leverage Scotland's assets in key opportunity areas to attract inward investment, driven by the values-led approach to [Shaping Scotland's Economy](#). On capital investment, we will focus on promoting market-ready opportunities aligned to national opportunity areas to investors who share our values, as set

out in [Scotland's Global Capital Investment Plan](#).

**Scotland's upcoming Innovation strategy** will seek to improve the performance of our national innovation system in support of NSET strategic priorities. At Scottish Enterprise, we recognise that innovation is fundamental for a thriving economy, as well as for supporting resilience, driving productivity, competitiveness, greater levels of investment and internationalisation and helping to create better quality jobs that pay higher wages. Building on decades of experience and knowledge, we stand ready to take a lead role in Scotland's Innovation Strategy.

